

ITX Re DAC



Solvency & Financial Condition Report For the year ended 31 January 2024

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Executive Summary

ITX Re DAC (the “**Undertaking**”) has prepared this Solvency and Financial Condition Report (“**SFCR**”) to satisfy the public disclosure requirements per Directive 2009/138/EC of the European Parliament and of the Council (“**Solvency II Directive**”), per the Commission Delegated Regulation (EU) 2015/35 and any subsequent amendments (“**Delegated Regulations**”) and in accordance with the Board of Directors approved policy on Reporting and Public Disclosure. To ensure accuracy, completeness and consistency of the SFCR, a number of controls have been implemented in addition to a detailed review process by management and the Board of Directors. The Board of Directors approved the SFCR on 25 April 2024.

The structure of the SFCR follows the requirements set forth in Chapter XII, Section 1, Article 290 – Article 302 of the Delegated Regulations, and consists of the following sections:

- A. Business and Performance;
- B. System of Governance;
- C. Risk Profile;
- D. Valuation for Solvency II Purposes; and
- E. Capital Management.

The administrative body that has ultimate responsibility for all of these matters is the Undertaking's Board of Directors (“**Board**”), with the assistance and support of management and various governance and control functions that the Board has put in place to monitor risks and manage the business in accordance with the strategic objectives of the Undertaking.

Section A - Business and Performance

The Undertaking is a non-life reinsurer based in the Republic of Ireland and regulated by the Central Bank of Ireland. The Undertaking was established in 2006, and its principal activity is the acceptance of reinsurance business assumed from third party insurers, for insurance business solely relating to Industria De Diseño Textil, S.A.

Based on its financial statements prepared under generally accepted accounting principles, the Undertaking's after tax profit for the financial year ended 31 January 2024 (“**reporting period**”) was €11.2m (2022: €14.9m). Shareholders' funds as of 31 January 2024 were €127.0m (2022: €135.8m). The Undertaking underwrites a diversified portfolio of business and significant risks ceded to the Undertaking were Non-Proportional Property Reinsurance, Non-Proportional Casualty Reinsurance, Non-Proportional MAT Reinsurance, Miscellaneous Financial Loss and Income Protection Insurance. The risks ceded to and exposures accepted by the Undertaking are largely unchanged from the prior year with the Undertaking expanding its Income Protection Insurance and Workers' Compensation programs and adding a new Solvency II line of business, General Liability, through the acceptance of a quota share Liability risk cession. The Undertaking transacts reinsurance business with EEA and non-EEA domiciled cedants. The Board considers the level of premium, claims position and result for the year to be satisfactory as documented within the Undertaking's audited financial statements.

The Undertaking maintained a satisfactory underwriting performance with a combined operating ratio of 84.7% (2022: 53.2%), with an increase in net earned premium of 11% to €37.8m (2022: €34.1m). The investment net return was 369bps (2022: 59bps).

In terms of underwriting result, 2023 was a reasonable year for the Undertaking with performance continuing to be positively influenced by the diversified portfolio of business written, diverse geographical location of exposures accepted and the absence of any significant natural catastrophe events reported in the current year in respect of Non-Proportional Property reinsurance business

accepted by the Undertaking. However, in comparison to the prior reporting period, performance was impacted by the reporting of multiple non-natural catastrophe Non-Proportional Property losses. The investment performance reflects multiple increases in both the Euro and USD market rates throughout the year, which positively impacted the Undertaking's Euro and US Dollar investment income. Refer to section A for further detail on the Undertaking's business and performance.

Section B – Systems of Governance

The section on the system of governance aims at enabling the public to assess whether the system of governance is set-up in an appropriate manner with regard to the Undertaking's strategic objectives and taking into account the nature, scale and complexity of the Undertaking's business operations.

The administrative body that has ultimate responsibility for the overall management and oversight of the Undertaking is the Board. The Board is supported by an Audit Committee, management and the Undertaking's control functions in ensuring the Undertaking's strategic objectives are achieved. The Board strives to keep the current corporate governance framework up to date with new legislation, newly issued regulatory guidance and to identify best practice.

The Undertaking has a robust governance and control framework in place, which facilitates clear decision making, provides clarity over roles and responsibilities and an understanding of the Undertaking's strategic objectives. The governance and control framework defines the key areas of authority and responsibility and establishes the appropriate lines of reporting. The Undertaking is subject to the Central Bank of Ireland's "Corporate Governance Requirements for Captive Insurance and Captive Reinsurance Undertakings 2015".

The Board established the Audit Committee to ensure the Undertaking complied with its obligations under the Companies (Statutory Audits) Act, 2018. The role of the Audit Committee is to assist the Board in the execution of its responsibilities. The Audit Committee has written terms of reference which are approved by the Board and set out the Audit Committee's role and responsibilities.

The Undertaking's Fit and Proper Policy sets out principles, criteria and processes to ensure the fitness and probity of those persons who manage the undertaking or are responsible for other key functions. The Undertaking ensures that all persons, who effectively run the undertaking or are responsible for other key functions, are fit to provide sound and prudent management through their professional qualifications, knowledge and experience and are proper by being of good repute and act with honesty and integrity whilst at all times acting with due skill, care and diligence.

The Undertaking has set-up a comprehensive risk management framework which ensures the coordination of the Undertaking's business and risk strategies and the integration of the different elements of the risk management system.

The internal control system of the Undertaking comprises a number of activities undertaken which are intrinsically linked to achieve the objectives of:

- (i) accomplishment of the Undertaking's strategic objectives;
- (ii) effective and efficient operations;
- (iii) reliability of management and financial reporting;
- (iv) safeguarding of assets; and
- (v) compliance with applicable laws and regulations.

The Undertaking's internal control system is embedded into the operational set-up throughout the Undertaking and is articulated along the three-lines-of-defence model. According to the model, the first

line of defence covers operational controls, assurance functions (risk management, actuarial and compliance) represent the second line, while internal audit provides the third line of defence.

There have been no significant changes to the Undertakings systems of governance in the previous twelve months other than the approval of the Undertaking's Operational Resilience Plan to comply with the Central Bank of Ireland's Cross Industry Guidance on Operational Resilience. The purpose of the Operational Resilience Plan is to document the Undertaking's management of its operational risk and resilience so that it is proactively prepared to withstand and adapt to operational disruptions that may occur. Refer to section B for further detail on the Undertaking's system of governance.

Section C – Risk Profile

For all material risks, a comprehensive quantitative and qualitative risk management process is in place that incorporates:

- (i) risk identification;
- (ii) risk assessment;
- (iii) risk mitigation and control activities;
- (iv) risk monitoring; and
- (v) risk reporting.

The acceptance of risk is the core business of the Undertaking as a reinsurance entity. The Undertaking is exposed to underwriting and reserving risk, with limited exposures to currency, liquidity and default risks. From an operational risk standpoint, the Undertaking has not identified any material risk which it is exposed to that may affect the Undertaking's ability to achieve its strategic objectives. These risks are managed through the Undertaking's risk management function which reports directly to the Board who retain full responsibility for oversight of how risk should be managed and how much risk should be accepted in pursuit of the Undertaking's strategic objectives.

There have been no significant changes to the Undertaking's risk profile in the previous twelve months, with the Undertaking continuing to identify, assess, manage, monitor and report on risks that may affect the Undertaking's ability to achieve its strategic objectives. In addition, the Undertaking carries out its own assessment of capital requirements through the Own Risk and Solvency Assessment ("ORSA") process and comparing these results against the corresponding standard formula Solvency Capital Requirement ("SCR") as a further cross validation of the Undertaking's risk management review process. Refer to section C for further detail on the Undertaking's risk profile.

Section D – Valuation for Solvency Purposes

The Undertaking's assets are valued at fair value and technical provisions are valued on a best estimate basis under Solvency II valuation methodology. This differs in some respects from valuations presented in the financial statements. In particular, the technical provisions in the Solvency II balance sheet represents the present value of all future cash flows required to settle the reinsurance obligations over the lifetime of those obligations. A risk margin is also included within the Solvency II technical provisions, which represents the cost of capital necessary to support the reinsurance obligations over their future lifetimes. Refer to section D for further details on the Undertaking's valuation for solvency purposes.

Section E – Capital Management

The Undertaking currently uses the standard formula to calculate its SCR in accordance with the Solvency II Directive. The Undertaking has calculated its SCR to be €52.5m (2022: €48.3m) at year end. The Undertaking is sufficiently capitalised at year end with own funds exceeding the SCR by €74.2m (2022: €87.2m) and a resulting solvency ratio of 241% (2022: 280%). All of the Undertaking's own funds are

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classified as Tier 1 and there have been no changes in the nature and quality of capital employed by the Undertaking during the year.

The Undertaking has calculated its Minimum Capital requirement ("**MCR**") to be €17.9m (2022: €14.3m) at year end. The Undertaking has eligible Tier 1 own funds of €126.7m (2022: €135.6m) giving an MCR coverage of 709% (2022: 948%).

The Undertaking has complied in all material respects with the requirements of Solvency II as applicable throughout the reporting period. The Undertaking reasonably believes that it will continue to comply with the requirements of Solvency II for the foreseeable future. Refer to section E for further detail on the Undertaking's capital management.

A Business and performance

A.1 Business

a) Name and Legal Form

The Undertaking is an Irish incorporated entity domiciled in the Republic of Ireland and is authorised by the Central Bank of Ireland to provide non-life reinsurance under the European Union (Insurance and Reinsurance) Regulations 2015 (“**S.I. No. 485 of 2015**”).

The principal activity of the Undertaking is the acceptance of reinsurance business assumed from third party insurers, for insurance business relating solely to Industria De Diseño Textil, S.A.

The Undertaking’s registered address is:

5th Floor, Block 5,
Harcourt Centre,
Harcourt Road,
Dublin 2.

b) Position within the Group

The Undertaking is a wholly owned subsidiary of Zara Holding II B.V. (the “**Parent**”). The ultimate parent company is Pontegadea Inversiones, S.L. a company incorporated in Spain. The Undertaking is a wholly owned subsidiary within the Industria De Diseño Textil, S.A. group, a Spanish domiciled entity listed on the four Spanish stock exchanges.

The following shows a structure chart of the Undertaking and its ultimate parent as at 31 January 2024:



The Parent holds 100% of the qualifying holdings and voting rights of the Undertaking. The Undertaking is a captive reinsurer and does not belong to any Re/Insurance group, nor does it have any related Re/Insurance affiliates. A captive is defined by the Central Bank of Ireland² as “An insurance or reinsurance undertaking, owned either by a financial undertaking other than an insurance or reinsurance undertaking or a group of insurance or reinsurance undertakings within the meaning of point (c) of Article 212(1) of Directive 2009/138/EC (the Solvency II Directive) or by a non-financial undertaking, the purpose of which is to provide insurance or reinsurance cover exclusively for the risks of the undertaking or

² Based on the definition contained in Article 13 of Directive 2009 /138/EC on the taking-up and pursuit of the business of Insurance and Reinsurance and, for clarity, the definition in the Requirements includes the risks of entities that are consolidated in the audited financial statements of the group.

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undertakings to which it belongs or of an undertaking or undertakings of the group of which it is a member.”

Refer to “A2 Underwriting performance” for information on material lines of business, and geographical locations where the Undertaking carries out its business.

c) Supervisor and External Auditor

The Undertaking’s regulatory supervisor is the Central Bank of Ireland, whose address is:

Central Bank of Ireland,
PO Box 559,
New Wapping Street,
North Wall Quay,
Dublin 1.

The external and independent auditors are Ernst & Young, whose address is:

Harcourt Centre,
Harcourt Street,
Dublin 2.

The conduct of the audit and the resulting opinion is stated in the auditor’s report to the Central Bank of Ireland signed by the external auditor partner.

d) Principal Activities

The principal activity of the Undertaking is the transaction of Proportional and Non-Proportional Non-Life and Health similar to Non-Life reinsurance business with global cedants. The Undertaking is a non-life captive reinsurance entity and utilises its in-house expertise to provide risk transfer solutions and capacity for insurance business relating solely to Industria De Diseño Textil, S.A.

The Undertaking underwrites Property Damage and Business Interruption, Miscellaneous Financial Loss, Goods in Transit, Liability, Accident and Health business.

e) Significant business and other events

During the year there were no significant business or other events that impacted the Undertaking.

A.2 Underwriting performance

The following tables provide information on the Undertaking’s underwriting performance for the reporting period, by Solvency II line of business and at an aggregate level, compared to the prior year ended 31 January 2023. The financial values are per the Undertaking’s financial statements, which have been prepared under the historical cost convention and in accordance with Financial Reporting Standards 102 & 103 (“**FRS 102 & 103**”), as issued by the Financial Reporting Council, and promulgated for use in Ireland by Chartered Accountants Ireland (hereinafter “**Local GAAP**”).

The Undertaking defines underwriting performance based on FRS 102 & 103 for all qualitative and quantitative information provided in this section in line with the Quantitative Reporting Templates S.04 and S.05. and its financial statements as:

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Gross written premiums
 +/- change in retrocession premium
 +/- change earned premiums
 +/- change in claims incurred
+/- acquisition and administrative expenses incurred
 = underwriting result

In €'000s	2023	2022
Gross written premiums	39,168	33,756
Retrocession	(598)	(550)
Net earned premiums	37,819	34,079
Net claims incurred	(29,058)	(15,551)
Net acquisition and administrative expenses incurred	(2,986)	(2,616)
Underwriting Result	5,775	15,912

A further breakdown of the Undertaking's underwriting performance by Solvency II line of business is captured in the following tables:

	Accepted non-proportional reinsurance - Property	Accepted non-proportional reinsurance - Casualty	Misc. financial loss	Accepted non-proportional reinsurance - MAT	Income protection insurance	Other lines of business	Total
	2023	2023	2023	2023	2023	2023	2023
	€000's	€000's	€000's	€000's	€000's	€000's	€000's
Gross Premiums Written	14,029	9,176	3,967	3,570	2,442	5,984	39,168
Retrocession Premium	(551)	-	-	-	(34)	(13)	(598)
Net Earned Premium	13,638	9,175	3,874	3,570	2,406	5,156	37,819
Claims Paid	(3,415)	(2,097)	(43)	(1,833)	(1,282)	(2,389)	(11,059)
Change in Claims and Reserves	(6,487)	(3,216)	(2,018)	(3,335)	(927)	(2,016)	(17,999)
Acquisition & Admin costs	(1,051)	(606)	(307)	(238)	(252)	(532)	(2,986)
Underwriting profit (loss)	2,685	3,256	1,506	(1,836)	(55)	219	5,775

	Accepted non-proportional reinsurance - Property	Accepted non-proportional reinsurance - Casualty	Misc. financial loss	Accepted non-proportional reinsurance - MAT	Income protection insurance	Other lines of business	Total
	2022	2022	2022	2022	2022	2022	2022
	€000's	€000's	€000's	€000's	€000's	€000's	€000's
Gross Premiums Written	14,328	9,009	2,520	2,828	2,153	2,918	33,756
Retrocession Premium	(525)	-	-	-	(30)	5	(550)
Net Earned Premium	13,505	9,179	2,517	2,894	2,119	3,865	34,079
Claims Paid	(4,991)	(2,566)	(411)	(3,068)	(668)	(2,268)	(13,972)
Change in Claims and Reserves	1,966	(1,607)	(626)	(1,146)	(700)	534	(1,579)
Acquisition & Admin costs	(1,066)	(583)	(181)	(205)	(222)	(359)	(2,616)
Underwriting profit (loss)	9,414	4,423	1,299	(1,525)	529	1,772	15,912

Refer to S.05.01.02 within Appendix 1 for complete performance by Solvency II lines of business.

The Solvency II lines of business reflects the reinsured activities ceded to the Undertaking. The significant risks reinsured within the above lines of business include:

- \ Property Damage and Business Interruption
- \ Miscellaneous Financial Loss
- \ Goods in Transit
- \ Liability
- \ Accident & Health

The movement in underwriting profit reflects an increase in claim charges offset in part by an increase in earned premium for the current financial year. The increase in earned premium reflects a general increase in gross written premium across the majority of lines of business on account of an increase in exposures together within an increase in the Undertaking's Miscellaneous Financial Loss, Income Protection and Workers' Compensation earned premium on account of the Undertaking writing new business and retaining more risk against these Solvency II lines of business and consequent increase in premium written by the Undertaking.

The higher claims charge reflects, for the most part, heavier than expected Non-Proportional MAT and Non-Proportional Property non-natural catastrophe losses in the year in terms of the severity of losses reported and higher reserve charge for business written in the current financial year on account of the increase in premium and resulting higher closing reserves.

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The following is information on the Undertaking's underwriting performance for the reporting period by material geographical area and at an aggregate level, compared to the prior year ended 31 January 2023. The financial values are per the Undertaking's financial statements:

	EEA		Non-EEA		Total	
€000's	2023	2022	2023	2022	2023	2022
Gross Premiums Written	25,663	21,601	13,505	12,156	39,168	33,756
Retrocession	(598)	(550)	-	-	(598)	(550)
Net Earned Premium	24,491	21,833	13,228	12,246	37,819	34,079
Claims Paid	(5,948)	(7,423)	(5,111)	(6,549)	(11,059)	(13,973)
Change in Claims and Reserves	(11,920)	383	(6,079)	(1,962)	(17,999)	(1,579)
Acquisition & Admin costs	(2,157)	(1,865)	(829)	(751)	(2,986)	(2,616)
Underwriting profit	4,467	12,928	1,309	2,984	5,775	15,912

A.3 Investment performance

The table below represents the investment income earned, by class of assets held by the Undertaking throughout the year, together with a comparison to prior year.

	2023 €000's	2022 €000's
Cash and cash equivalents	7,032	1,073
Insurance and Intermediaries	18	6
Total investment return	7,050	1,079

There are no gains or losses recognised directly within equity.

The Undertaking incurred expenses of €3,032 (2022: €2,207) related to the above investments.

A.4 Performance of other activities

The Undertaking did not have any other material income or expenses incurred during the reporting period, including any operating or finance leases.

A.5 Any other information

The Undertaking does not have any other material information regarding business and performance for disclosure, other than as disclosed above.

B Systems of governance

B.1 General information on the systems of governance

The Undertaking has a robust governance and control framework in place, which facilitates clear decision making, provides clarity over roles and responsibilities and an understanding of the Undertaking's strategic objectives. The corporate governance framework adopted by the Undertaking ensures the strategic guidance of the Undertaking is clearly communicated, the effective monitoring of management by the Board and the Board's accountability to key stakeholders.

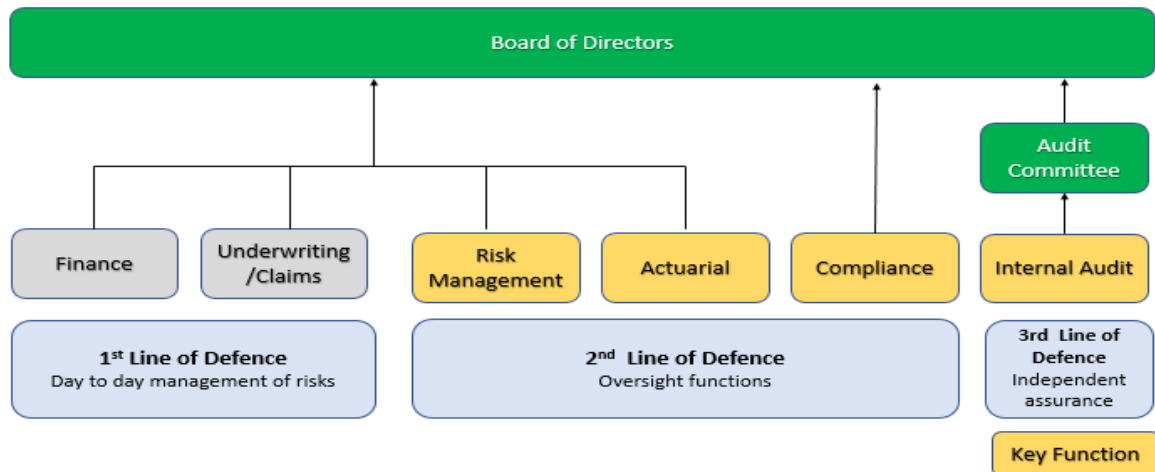
The Undertaking's systems of governance and control framework is proportionate to the risk-profile of a captive reinsurance undertaking whilst taking into account the Undertaking's regulatory and compliance requirements in line with the Solvency II Directive, the Delegated Acts and any other guidelines and regulations issued by the Central Bank of Ireland. The governance and control framework structure is supported by a number of policies and strategies with Solvency II compliance at the core of each policy. Furthermore, there are a number of risk management policies as required by the Undertaking's system of governance to support the management body of the Undertaking in pursuit of its strategic objectives. The governance and control framework and supporting policies are reviewed by management and presented to the Board for approval at least annually. Through the documented policies in place, the Undertaking ensures that there is a common understanding of the following:

- \ The management body of the Undertaking (i.e. the Board, the Audit Committee, management and key functions) and their roles;
- \ The Undertaking's goals and strategic objectives;
- \ The Undertaking's Risk Appetite and Risk Tolerance levels;
- \ The membership of the Board, its role, the frequency of meetings and the process for making changes to Board membership;
- \ Who is empowered to act on behalf of the Undertaking and in what capacity and to what extent; and
- \ How certain key individuals are appointed and resign, or are removed.

The governance and control framework defines the key areas of authority and responsibility and establishes the appropriate lines of reporting. These reporting lines are both direct and indirect, and in some instances through to parties external to the Undertaking e.g. Legal and Regulatory Bodies, External Auditor and Outsourced Service Providers. The business is structured in a manner reflective of the nature, scale and complexity of the Undertaking's operations to enable effective risk management and to carry out its activities in such a manner so as to achieve its strategic objectives.

The governance structure ensures that there is an appropriate segregation of duties in a proportionate manner within the Undertaking reflecting its operations as a captive reinsurance undertaking and considering the nature, scale and complexity of such undertakings.

The Undertaking adopts a risk-based approach which enables the Undertaking to manage the segregation of duties in a balanced and efficient way that reflects the value that is being protected. Through the Undertaking's documented policies, there are controls in place to ensure that individuals cannot make unilateral decisions, or enter into significant transactions, without following due process and Board approval where required. This Board approval must be within the Board's terms of reference and not be to the detriment of the Undertaking's business strategy. The governance structure has not materially changed within the reporting period.



B.1.2 Role of the Board

The key role of the Board is leadership and oversight of the implementation of the business strategy, set in pursuit of the Undertaking's strategic objectives, by management in a transparent and effective manner. The Board is the focal point of the Undertaking's corporate governance and control framework as it forms one of the pillars of a robust corporate governance framework.

The Board as a whole is collectively responsible for the success of the Undertaking. The Board has ultimate responsibility for the performance, conduct and reporting requirements of the Undertaking as a regulated reinsurance entity. The delegation of responsibility to the Audit Committee, management, or key functions does not in any way discharge the Board of its duties and responsibilities.

The Board sets the Undertaking's strategic objectives and Risk Appetite and ensures that the necessary financial and human resources are in place for the Undertaking to meet its objectives.

The Board also reviews the performance of directors, the Audit Committee, management, key functions, and of those providing important or critical outsourced services to the Undertaking. The Undertaking has placed significant importance on balancing skills, experience and diversity to ensure more effective decision making. Composition of the Board is reviewed every three years, most recently in 2023. It has been concluded that the Board has the appropriate balance of skills, experience, diversity and intrinsic knowledge of the Undertaking to enable it to discharge its duties and responsibilities effectively thereby creating an effective board.

The Board is responsible for, amongst other things, the following significant responsibilities:

- \ Setting the Undertaking's values and standards, and ensures that its obligations to its shareholder and other key stakeholders are understood and met;
- \ Ensuring the effective, prudent, and ethical oversight of the Undertaking;
- \ Ensuring the effective and successful management of the Undertaking;
- \ Ensuring that risk and compliance are properly managed by the Risk Management Function and the Head of Compliance;
- \ Exercising appropriate oversight over the Audit Committee, each key function and outsourced providers of any important or critical service that is outsourced;
- \ Ensuring a remuneration framework in line with the risk strategy of the Undertaking is in place;
- \ Exercising appropriate oversight over the execution of the agreed strategies, goals and to monitor reporting of performance; and
- \ Monitoring and establishing internal controls to address both operational and business risks.

The Board delegates authority relating to a range of functions to the Audit Committee, management, and key functions as deemed appropriate to ensure the orderly, efficient, and effective running of the Undertaking's affairs. However, notwithstanding this delegation of authority, the Board retains full responsibility for all delegated functions.

The Board encompasses professionals who have a diversified and intrinsic knowledge of reinsurance and captive issues including skills in the following areas: underwriting, risk financing, finance, risk management, regulation and compliance.

B.1.2.1 Role of the directors

The role of a director includes the proposal of strategies to the Board and, following board scrutiny, to execute the agreed strategies. The directors are committed to achieving and maintaining the highest standards of corporate governance in regard to the procedures, processes, and attitudes according to which the Undertaking is directed and managed. All directors are responsible for the following in addition to their fundamental fiduciary duties under Company Law in Ireland:

- \ They are required to have a full understanding of the Undertaking's business, activities, related risks and the financial statements;
- \ They are required to have a full understanding of their individual direct and indirect responsibilities and collective responsibilities;
- \ Ensure continuous compliance with Fitness and Probity standards, common conduct standards and additional conduct standards as set out in the Individual Accountability Framework Guidelines, and any other guidelines and regulations issued by the Central Bank of Ireland at all times during their appointment as directors. All persons performing pre-approval controlled functions have declared that they meet the Fit and Proper standards, that they are competent and capable, act honestly, ethically and with integrity, and are financially sound;
- \ Participate actively in the Board's decision making process and in board committee(s) where any such committee(s) have been established;
- \ Participating actively in constructively challenging and developing strategies, policies and governance and control framework; and
- \ Exercising appropriate oversight over the execution of the agreed strategies, goals and to monitor reporting of performance.

B.1.2.2 Role of the Audit Committee

The purpose of the Audit Committee is to provide additional assurance to the Board through overseeing and monitoring of the Undertaking's financial accounting and reporting, governance and control framework, internal controls and financial and regulatory compliance. The primary responsibilities of the Audit Committee are, but not limited to:

- \ Recommend to the Board the appointment of the external auditor and the audit fee;
- \ Agree with the external auditor the nature and scope of the external audit prior to commencement;
- \ Review of external audit findings, and report such findings to the Board;
- \ Monitor the effectiveness and independence of the external auditors and the Internal Audit Function;
- \ Review of the year-end financial statements and supporting accounting policies and practices;
- \ Approve the internal audit plan, and ensure the Internal Audit Function is adequately resourced to enable it to function effectively at all times;

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- \ Consider the findings of internal audit reports, management's response, and report any concerns to the Board;
- \ Monitor the effectiveness of the Undertaking's governance and control framework and risk management system, and report any relevant findings to the Risk Management Function and/or the Board; and
- \ Monitor compliance with regulatory requirements.

The Chairperson of the Audit Committee is appointed by its members in line with the guidelines issued by the Central Bank of Ireland and in line with the Undertaking's Fit and Proper policies.

B.1.3 Role of the CEO and management

Responsibility for general operational management and control of the Undertaking is delegated by the Board to the Chief Executive Officer ("**CEO**") with certain powers reserved (including those which cannot be delegated under law or the Constitution of the Undertaking) which require board approval. It is the responsibility of the CEO, as supported by management, to oversee the operations of the Undertaking, to ensure the operations comply with the objectives and policies set out by the Board as well as those established in law and regulation.

The CEO will provide the Board with recommendations for review on all aspects that concern the operations of the Undertaking, in performing its function, the CEO reports directly to the Board and acts only within such delegated authority as granted by the Board.

The Board has delegated authority to the CEO and management in respect of the following key responsibilities:

- \ Oversee the continuous day to day management of the Undertaking's operational, financial and risk management activities. This includes, but not limited to:
 - implementing the board approved policies and supporting risk controls on a day to day basis;
 - reviewing the continued appropriateness of the Undertaking's governance and control framework including supporting policy framework;
 - overseeing and advising the Board on underwriting, claims and financial performance and performance against the Undertaking's strategic objectives;
 - monitoring the effectiveness of the Undertaking's financial policies, and assessing the Undertaking's risk to such financial areas; and
 - reviewing and evaluating of the Undertaking's risk management system to identify, measure, monitor, manage and report risks that the Undertaking is exposed to including new and emerging risks.
- \ Ensure regulatory and compliance obligations are adhered; and
- \ Review and agree any service level agreement changes and/or remuneration amendments in respect of critical or important outsourced activities and recommend them to the Board for approval.

B.1.4 Roles and responsibilities of key functions

The Undertaking has established four key control functions – Risk Management, Actuarial, Compliance and Internal Audit. These functions are responsible for providing oversight of and challenge to the business, and for providing assurance to the Board, the Audit Committee and management in relation to the Undertaking's governance and control framework.

The role and responsibilities of each key control function is reviewed annually by the Board to ensure the relevant key function has a clear understanding of its function and role, has the required access to information and personnel (from employees, directors and to outsourced providers), where required is independent and free from influence and has the human and financial resources to fulfil its role.

B.1.4.1 The role of the Risk Management Function

The Board has established a Risk Management Function (“**RMF**”) with the purpose of assisting the Board in providing leadership, direction and oversight of the Undertaking’s risk appetite, risk tolerance, risk strategy, recovery indicators and risk management and control framework. The RMF acts as a 2nd line of defence of the Undertaking’s internal control system. The RMF’s primary function is to identify, measure, manage, monitor and report significant risks to the achievement of the Undertaking’s strategic objectives to the Board. The position of Chief Risk Officer is performed by the Undertaking’s CEO. The Chief Risk Officer is responsible for oversight of the RMF and specific functional responsibilities include, but not limited to:

- \ To oversee the management of all key material risks facing the Undertaking (including operational risks and the Undertaking’s Operational Resilience Plan);
- \ To develop a risk framework fit for purpose for the Undertaking and in line with the Board approved risk appetite;
- \ To provide oversight and challenge to the management of risk and highlight risks that may impact capital;
- \ To provide input into the capital calculation and technical reserve provisioning process;
- \ To review the Undertaking’s Pre-emptive Recovery Plan and monitoring of the Board approved Recovery Indicators;
- \ To work with Internal Audit and Compliance to ensure an integrated approach to independent assurance where possible; and
- \ To escalate any issues (including identification of new or emerging risks) to the Board.

B.1.4.2 The role of the Actuarial Function

The Actuarial Function is performed by the Head of Actuarial Function which is outsourced by the Undertaking to a suitably qualified professional in line with the Undertaking’s Outsourcing and Fit and Proper policies. Specific functional responsibilities include:

Technical Provisions:

- \ Calculating the technical provisions, including:
 - o Ensuring the appropriateness of documentation, methodologies, models and assumptions;
 - o Assessing the sufficiency and quality of data used;
 - o Informing the Board on the reliability and adequacy of the calculation.
- \ Analysing the movement in technical provisions, including the comparison of best estimates against experience.

Reports and Opinions:

- \ Opining on the underwriting policy and adequacy of retrocession arrangements;
- \ Delivery of Opinion on the Undertaking’s ORSA;
- \ Providing an Annual Report on Technical Provisions (“**ARTP**”) and Annual Opinion on Technical Provisions (“**AOTP**”) in line with regulatory guidance;

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- \ Providing the Board with an annual report outlining the tasks that have been undertaken by the Actuarial Function and their results, clearly identifying any shortcomings and making recommendations on how to address these.

Risk Management:

- \ Contributing to the effective implementation of the risk management system, in particular to risk modelling in respect of ORSA, MCR and SCR calculations.

B.1.4.3 The role of the Compliance Function

The Compliance Function is performed by the Head of Compliance, which is outsourced by the Undertaking to a suitably qualified professional in line with the Undertaking's Outsourcing and Fit and Proper policies. The Compliance Function is independent from business units and forms part of the 2nd line of defence within the Undertaking's internal control system. The Head of Compliance utilises compliance management practices that encourage the use of sound, responsible and sustainable business practices by the Undertaking which complement the objectives of the Undertaking. The Compliance Function engages in a variety of activities and processes to identify, assess, control, measure, mitigate, monitor and report compliance risks across the Undertaking as a part of its oversight and administration of the Undertaking's compliance plan. Specific functional activities include, but not limited to:

- \ To advise the Board, Audit Committee, and management on compliance obligations under Central Bank of Ireland regulations and other applicable laws and regulations;
- \ Assessing the possible impact of any changes in the legal environment of the Undertaking;
- \ Establish, implement and maintain a compliance plan covering all relevant areas of the Undertaking's operations and those of external parties and their exposure to compliance risk;
- \ Incident management and reporting to the Board, Audit Committee, and management;
- \ As part of the internal control system to ensure that the Undertaking complies with internal strategies, policies, processes and procedures;
- \ Assessing adequacy of the measures adopted by the Undertaking to prevent non-compliance;
- \ Ensuring that compliance risks facing the Undertaking are accurately identified, assessed, monitored and reported to RMF; and
- \ To report regulatory issues to the Central Bank of Ireland as required.

The activities of the Compliance Function are subject to periodic audit by Internal Audit.

B.1.4.4 The role of the Internal Audit Function

The Internal Audit Function ("IAF") is performed by the Head of Internal Audit Function, which is outsourced by the Undertaking to a suitably qualified professional in line with the Undertaking's Outsourcing and Fit and Proper policies. The IAF provides independent assurance as to the effectiveness of the Undertaking's operations, governance and internal control framework. IAF's activities are designed to provide advice to the Board, Audit Committee, and management on improvements to the internal control environment, and monitor the implementation of strategic control initiatives and management's remediation activity.

The Undertaking's IAF is independent from business units and forms the 3rd line of defence in the Undertaking's internal control system. The IAF conducts an internal audit of the Undertaking at least annually in line with the Audit Committee's approved Internal Audit Plan.

The IAF has the following key responsibilities:

- \ To monitor and assess the adequacy and effectiveness of the Undertaking's governance and internal control framework;
- \ To advise the Audit Committee on internal audit activity and report on any significant matters arising in connection with the IAF's audit activity;
- \ To assess and make appropriate recommendations for improving the governance and internal control framework;
- \ To evaluate effectiveness and contribute to the improvement of risk management processes;
- \ To assist the Undertaking in maintaining effective controls, by assessing the efficiency and effectiveness thereof and by promoting continuous improvement;
- \ To ensure the uniform and effective enforcement of policies and procedures which make up the internal control system; and
- \ To give support to the assessment of the risk of fraud and the manner it is managed within the Undertaking.

B.1.5 Remuneration policy

The Undertaking has implemented a Remuneration policy to set out the terms and conditions applicable to all employees and directors of the Undertaking. The aim of the Remuneration policy is to ensure that the Undertaking's remuneration practices do not encourage excessive risk taking, to promote sound and effective risk management and to ensure that the remuneration structure is in line with its values and long-term interests. In summary, the objective of the Remuneration policy is to ensure that:

- \ The Remuneration policy and practices are aligned with the Undertaking's Strategy, Diversity and Inclusion Policy, Risk Management Strategy and Risk Appetite, objectives, values and long-term interests of the Undertaking;
- \ The Remuneration policy does not foster practices adverse to the Undertaking's interests;
- \ A clear, transparent and effective governance structure around remuneration is established and maintained;
- \ The Undertaking can attract and retain appropriately qualified, diversified and experienced members of the Board and employees with skills required to effectively manage the Undertaking;
- \ Remuneration motivates the Board and employees to perform to the best of their ability and in the best interests of the Undertaking and its stakeholders;
- \ Where annual performance based incentives form part of the remuneration of an employee, these incentives are aligned with the objectives of the Undertaking and the Parent as a whole; and
- \ It is subject to review periodically, with specific attention to preventing incentives for excessive risk-taking, the creation of conflicts of interest and generally not undermining sound and effective risk management of the Undertaking.

Long term incentive schemes, including share options in Inditex S.A., can be awarded to employees based on seniority and grade. These vest after a fixed period of time, which can vary from scheme to scheme, and is dependent on performance conditions over that period.

The Undertaking does not provide any supplementary pension or early retirement schemes to its directors or key function holders.

B.1.6 Material transactions with related parties

All material transactions of the Undertaking with other related parties are conducted on an arm's length basis.

During the reporting period, there was only one material transaction with the shareholders, directors' or those who exert significant influence over the Undertaking. This material transaction related to the payment of a €20m (2022: €10m) dividend from the Undertaking's 2022 operating profits to its Parent, which was paid on 15 November 2023, in line with the Board approved Dividend policy.

B.1.7 Adequacy of the systems of governance

Reviews of the corporate governance and effectiveness of the Board, Audit Committee, and the management of the Undertaking are carried out on a regular basis, taking into account the requirements of the Central Bank of Ireland's "Corporate Governance Requirements for Captive Insurance and Captive Reinsurance Undertakings 2015".

Management and the Board believe that the system of governance and supporting processes and controls in place at the Undertaking are adequate and effective, and are proportionate to reflect the nature, scale and complexity of the risks inherent to the entity.

B.2 Fit and proper requirements

B.2.1 Fit and Proper policy

The Undertaking has a board approved policy on fitness and probity. The Undertaking's Fit and Proper policy sets out the minimum standards, in compliance with the Central Bank of Ireland's Fitness and Probity Standards, Individual Accountability Framework Guidelines and relevant legislation, to ensure that persons who effectively run the Undertaking or are responsible for other key functions, have the necessary qualities and competence in order to allow them to perform the duties and carry out the responsibilities of their position within the Undertaking. The Undertaking places a high level of importance on appointing persons who are fit and proper.

The qualities and competence relate to the integrity demonstrated by a responsible person in personal behaviour and business conduct, soundness of judgement, a sufficient degree of knowledge and experience and appropriate professional qualifications.

B.2.2 Fit and proper assessment and requirements

Assessments of a person's fitness and propriety for a key function or directorship position is made:

- \ before the person is appointed;
- \ on at least an annual basis following appointment; and
- \ upon material information adverse to the assessment becoming known to the Undertaking or any other circumstances whereby the fitness or propriety of the individual may be adversely affected.

In determining a person's competence and capability for performing their role, assessments performed by the Undertaking may include, but will not be limited to:

- \ Whether the person satisfies the relevant training and competence requirements, which may be satisfied by evidence of qualifications (e.g. diplomas, degrees and professional memberships) and capability appropriate to the corresponding position description;

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- \ Whether the person has demonstrated by experience that they are able, or can reasonably be expected to be able, to perform the intended function. Employment and reference checks may be used to establish such ability; and
- \ Whether the person is compliant with the applicable Minimum Competency Code issued by the Central Bank of Ireland.

In determining a responsible person's honesty, integrity and reputation for performing his/her role, the following factors may be considered, among others:

- \ Has the person been convicted of any criminal offence, whether or not presently of record; particularly relevant being any offence involving dishonesty, fraud, financial crime or other offences under legislation relating to companies, building societies, industrial and provident societies, credit unions, friendly societies, banking and or other financial services, insolvency, consumer credit companies, insurance, and consumer protection, money laundering, market manipulation or insider dealing;
- \ Has the person had any adverse finding against him/her or settlement in civil proceedings, particularly in connection with investment or other financial business, misconduct, fraud or the formation or management of a body corporate;
- \ Has the person had personal involvement in any investigation or disciplinary proceeding resulting in sanction or adverse finding with any requirements or standards of any supervisory bodies / regulatory authorities, clearing houses and exchanges, professional bodies, or government bodies or agencies;
- \ Has the person been involved as a responsible person with an undertaking, partnership or other organisation that has been refused registration, authorisation, membership or a licence to carry out a trade, business or profession, or has had that registration, authorisation, membership or licence revoked, withdrawn or terminated, or has been expelled by the Central Bank of Ireland or government body or agency;
- \ Has the person been refused the right to carry on a trade, business or profession requiring a licence, registration or other authority as a result of the removal of the relevant licence or registration;
- \ Has the person served as a director, partner, or chief executive of a business that has gone into insolvency, liquidation or administration while personally connected with that organisation or within one year after that connection;
- \ Has the person been investigated, disciplined, censured, suspended or criticised by a supervisory body / regulatory authority, professional body, government body or agency, a court or tribunal, whether publicly or privately, with which such responsible person has been involved; and
- \ Has the person been dismissed or resigned, upon request, from employment or from a position of trust, fiduciary appointment or similar capacity while holding a position as a responsible person.

As part of the Undertaking's continuing obligations and reporting requirements in relation to fitness and probity, the Undertaking performs annual performance reviews and assessments of all persons who effectively run the Undertaking or are responsible for other key functions, and upon satisfactory completion will issue a certificate of compliance confirming the person's compliance with the Fitness and Probity standards in respect of the function holder's role held.

As part of this annual review, self-attestation confirming compliance with the Fitness and Probity Standards are provided annually together with supporting information requested from the function holder attesting to the declaration.

B.3 Risk Management System including the Own Risk and Solvency Assessment

B.3.1 Risk Management System

The Undertaking has developed and implemented a risk management framework which is a comprehensive process for monitoring, reviewing, understanding, and appropriately managing and mitigating the risks associated with the Undertaking's strategic objectives over the short, medium and long term.

The main objective of the Undertaking's risk management system is to ensure that all significant risks are identified, assessed, monitored and controlled within the agreed Risk Appetite. The risk management framework ensures that the risk management process is explicit and facilitates effective reporting, oversight and challenge.

The risk management system comprises of the following:

- \ Risk Appetite Statement adopted by the Board which summarises the most significant risks that the Undertaking is exposed to and details the level of risk the Undertaking is prepared to accept in pursuit of its strategic objectives;
- \ Risk Management Strategy which outlines the framework with which the Undertaking identifies, assesses, monitors, controls and reports on a continuous basis all key material risks facing the business;
- \ Risk Management Policies for each key risk class, which define the material risks faced by the Undertaking, and sets out how the Risk Management Strategy and the relevant Risk Appetite shall be implemented across that risk class and the control framework in place;
- \ Risk Management Processes and Procedures which set out the processes and procedures that the Undertaking employs to identify, assess, manage and monitor material risks the Undertaking is, or might be exposed to (emerging risks) and how these risks are reported; and
- \ ORSA process: the process of assessing all the risks inherent in the business and thereby determining the corresponding capital needs.

The Undertaking's Risk Management Strategy takes account of the Undertaking's business strategy and seeks to monitor and manage the risks associated with the implementation of the business strategy. The key objectives of the Risk Management Strategy are to:

- \ be consistent with the strategic objectives of the Undertaking;
- \ operate across all the activities of the Undertaking;
- \ be a continuous process;
- \ be integrated in the decision-making process of the Undertaking;
- \ set out the level of risk acceptable to the Undertaking;
- \ set out the material risks for each key risk class of the Undertaking;
- \ set out qualitative and quantitative methods to be used to measure and evaluate risks; and
- \ assign overall risk management responsibilities for the Undertaking including reporting and monitoring of risks.

In the context of risk management, the Board is responsible for the setting of and approval of the Risk Management Strategy, the review of same on an annual basis and any periodic revision.

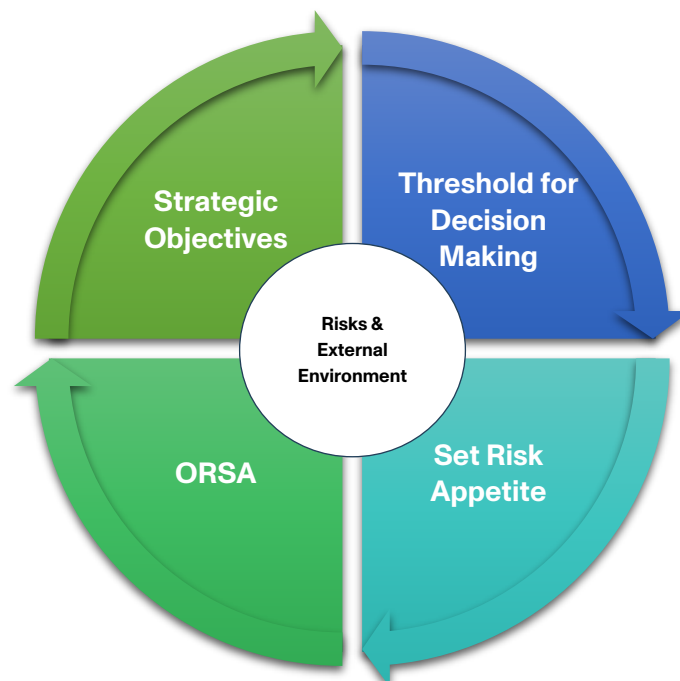
The Board delegates authority to the Chief Risk Officer to oversee the RMF and ensure that all organisational activities and outputs from a risk management perspective comply with applicable laws and regulations, supervisory requirements and internal policies and procedures. This includes responsibility for appropriate communication of the Risk Management Strategy throughout the Undertaking and embedding its use within the business and decision making process of the Undertaking.

B.3.2 ORSA

Each year the Undertaking prepares an ORSA. The ORSA is a top-down strategic analysis linking the business plan to risk, capital and pre-emptive recovery planning management. The objectives of the ORSA process are:

- Assess the risks that the Undertaking faces;
- Form an integral part of the business strategy setting process by assessing the capital adequacy on the current business plan, and the impact of materialisation of specific risks from within the business or from the external environment;
- Consider the capital impact of any significant changes or additions to its existing business underwritten;
- Assist in setting the amount of risk the Undertaking is willing to accept;
- Contribute to the strategic decision making process through identifying the capital implications of specific forward looking strategic initiatives; and
- Document the assessment of risk, and capital requirements.

There is an interrelationship between strategic objectives, decision making, risk appetite and the ORSA process.



The ORSA is used to assess whether the Undertaking's risk management and solvency position is adequate, and also to consider its development in the future. It represents a fundamental part of the risk management system. As part of the ORSA process, the Undertaking uses stress testing and scenario analysis to identify scenarios that, if materialised individually or grouped, would have an adverse impact on the financial stability of the Undertaking. A similar stress and scenario testing approach is adopted by the Undertaking as part of its Pre-emptive Recovery Planning. The ORSA is linked to the Undertaking's

business planning process and acts as a key management tool in the development of the Undertaking's strategy and risk and capital management.

Strategic decisions are taken into consideration in the ORSA process through a forward looking assessment process. Any strategic or other major decisions that may materially affect the own funds and solvency position of the Undertaking are considered through the ORSA process before such a decision is taken.

The ORSA is an integral part of the business strategy and is performed, reviewed and approved at least once a year. It is also performed whenever the Undertaking's risk profile changes significantly. The diagram below summarizes the process and key activities of the ORSA process:



The RMF validates the outputs of each process individually, and also undertakes cross-validation between the outputs of each process, to ensure that they are consistent, or that differences are understood.

The Undertaking determined that the Solvency II standard formula be used to calculate the required solvency capital. A three year base case projection of the Solvency II Balance Sheet and SCR position is produced using the standard formula, as well as actuarial and reserving assumptions. The results are subjected to a range of stress, shock and reverse stress scenario testing which considers both quantifiable and non-quantifiable risks that are reviewed by management and challenged by the Board and, where appropriate, potential management actions are noted, and conclusions drawn. Furthermore, the RMF, management, and the Board consider its own view of the Undertaking's overall solvency assessment which is subject to similar stress, shock and reverse stress scenario testing which provides an adequate basis for the assessment of the Undertaking's overall solvency needs.

Assessments to date indicate that, under the standard formula and ORSA scenarios presented by RMF to the Board, the Undertaking is adequately capitalised. Section C links the use of the ORSA with the Undertaking's risk profile, while Section E sets out the capital management structure of the Undertaking. Capital is a key factor in understanding the solvency needs of the Undertaking, and this is factored in by

RMF during the overall risk management process and through the provision of a Capital Management plan to the Board.

B.4 Internal control system

B.4.1 Description of the internal control system

The internal control system is designed to ensure that the Undertaking has a continuous system of accountability for and oversight of its operations and to assist the organisation in achieving its goals and objectives. Internal controls describe the set of activities undertaken by the Undertaking to provide reasonable assurance regarding the achievement of the following objectives:

- \ Accomplishment of the Undertaking's strategic objectives;
- \ Effective and efficient operations;
- \ Reliability of management and financial reporting;
- \ Safeguarding of assets;
- \ Supporting the Undertaking's Operational Resilience Plan to ensure operating effectiveness, and robustness of the Undertaking's Governance and Control Framework; and
- \ Compliance with applicable laws and regulations.

The Undertaking operates a "three lines of defence" internal control system. In the referred three lines of defence model, management control is the 1st line of defence in risk management, the various risk control and compliance oversight functions established by the Board are the 2nd line of defence, and independent assurance is the 3rd line of defence. Each of these defence "lines" plays a distinct role within the Undertaking's wider governance framework.

The Board is ultimately responsible for overseeing and maintaining the adequacy and effectiveness of the internal control systems. In addition, the Board is responsible for:

- \ Establishing a system of continuous internal control review;
- \ Making management policies and guidelines available to all relevant parties;
- \ Establishing clear reporting and communication lines; and
- \ Implementing education and training about internal control system and internal control evaluations.

The Board has delegated authority to the Audit Committee to monitor the effectiveness of the Undertaking's governance and control framework and the Audit Committee will report to the Board at least annually on the continued appropriateness of same.

The Undertaking's internal controls, including administrative, accounting and reporting procedures, and internal audit and compliance functions, provide the following assurances:

- \ Review and monitoring of performance against the Undertaking's strategic objectives;
- \ All assets are safeguarded against waste, loss or unauthorised use;
- \ All revenues and expenditures applicable to the Undertaking's operations are properly recorded and accounted for to permit the preparation of reliable financial and statistical reports and to maintain accountability over assets;
- \ There is minimal operational disruptions and enhancement of the Company's operational resilience; and
- \ All the actions of the Undertaking comply with applicable laws and regulatory requirements.

B.4.2 Implementation of the Compliance Function

The Compliance Function is an independent function with responsibility for ensuring that all the actions of the Undertaking comply with applicable laws and regulatory requirements. The Compliance Function is outsourced to an external captive management company, Allied Risk Management (an entity regulated by the Central Bank of Ireland), in line with the Undertaking's approved Outsourcing and Compliance policies. In addition, the activities of the Compliance Function are carried out by appropriately skilled and experienced individuals in line with the Undertaking's Fit and Proper policy. The role of Head of Compliance is a pre-approval controlled function and the appointment of the Head of Compliance has been approved by the Central Bank of Ireland. The Compliance Function, as part of the internal control system, ensures that the Undertaking complies with internal strategies, policies, processes and procedures.

The Compliance Function engages in a variety of activities and processes to identify, assess, control, measure, mitigate, monitor and report compliance risks across the Undertaking as a part of its oversight and administration of the compliance plan. The Head of Compliance develops and implements an annual compliance plan, outlining the planned compliance control activities for the individual relevant risk areas including underlying timeframes which is presented to the Board for approval.

Furthermore, the Compliance Function identifies and evaluates potential or new areas of compliance risk which might lead to damage to the Undertaking's reputation, regulatory sanctions or financial loss. A compliance culture is promoted within the Undertaking through an on-going cycle of compliance training and education, with the aim of ensuring strong awareness and understanding of compliance standards, procedures and guidelines.

The Compliance Function, on its own initiative, can communicate with any member of the Board, Audit Committee, employee or outsourced services provider and obtain access to any records or files necessary to enable it to discharge its responsibilities; conduct investigations of possible breaches of the Compliance policy and request assistance from specialists within the Undertaking or the Parent; report to the Board on any irregularities or possible breaches disclosed by its investigations and has the right of direct access to the Board, Audit Committee, or management when this is deemed necessary.

The Board reviews and ensures that the Compliance Function is provided with sufficient and appropriate resources to ensure the compliance risk is managed effectively by the Undertaking.

The Compliance Function is governed by the Compliance policy and reports to the Board at each board meeting.

B.5 Internal Audit Function

B.5.1 Implementation of Internal Audit Function

The IAF is an independent and objective assurance and consulting activity that assists the Undertaking to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance processes. The IAF is a key function and represents the 3rd line of the three lines of defence system.

IAF is outsourced to an external audit firm, Grant Thornton, in line with the Undertaking's approved Outsourcing and Internal Audit policies. In addition, the activities of the IAF are carried out by appropriately skilled and experienced individuals in line with Undertaking's Fit and Proper policy. The role of Head of Internal Audit is a pre-approval controlled function and the appointment of the Head of Internal Audit has been approved by the Central Bank of Ireland.

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The purpose, authority and responsibilities of IAF are documented within the Internal Audit policy, which is reviewed and approved annually by the Board. The IAF is objective and impartial in performing its assignments.

IAF carries out its activities, within its remit, pursuant to an internal audit plan, and following a systematic approach in the conduct of its business, taking into account all activities and the complete system of governance in the risk analysis of the Undertaking, which is presented to the Audit Committee for approval. A key responsibility of the IAF is to assess the quality of the internal control system, while being independent of the activities which are audited.

IAF prepares an Internal Audit Plan annually, which is presented to the Audit Committee. In preparing the Internal Audit Plan, the following is taken into account:

- \ The priorities that might be determined considering the Undertaking's risk register;
- \ Board and Audit Committee requirements;
- \ The requests of the Undertaking; and
- \ The experience and judgment of the IAF.

The Internal Audit Plan considers the need to allocate part of IAF's resources to follow up on the degree of implementation of improvements of deficiencies identified in previous reviews.

IAF, on its own initiative or following a request of the Board or Audit Committee, can be enabled to perform other assignments not included in the initial Internal Audit Plan.

IAF is fully authorised within its remit:

- \ To request the cooperation of any employee of the Undertaking, through the relevant hierarchical line;
- \ To have access to the facilities where the Undertaking conducts its business; and
- \ To have access to any information and documentation of the Undertaking.

IAF's activities are designed to provide advice to management, Audit Committee and the Board in improving the internal control environment, and monitor the implementation of strategic control initiatives and management's remediation activity.

B.5.2 Internal Audit independence

IAF is included in the organisational structure by means of a direct link to the Audit Committee, which ensures full independence and objectivity in the performance of its activities.

The persons carrying out the IAF do not assume any responsibility for any other function. In addition, IAF for the Undertaking is outsourced to an independent external audit firm to ensure further independence from the Undertaking's Board, Audit Committee and management. No persons carrying out internal audits assume any other key function within the Undertaking.

B.6 Actuarial Function

The Actuarial Function is outsourced to an external actuarial firm, Barnett Waddingham, in line with the Undertaking's approved Outsourcing and Actuarial policies. In addition, the activities of the Actuarial Function are carried out by appropriately skilled and experienced individuals in line with the Undertaking's Fit and Proper policy. The role of Head of Actuarial Function is a pre-approval controlled function and the appointment of the Head of Actuarial Function has been approved by the Central Bank of Ireland. The Undertaking's Actuarial Function forms part of the 2nd line of defence in the Undertaking's

internal control system and the core tasks performed by the Actuarial Function as a 2nd line of defence are:

- \ coordination of the calculation of technical provisions for accounting and regulatory purposes;
- \ comparison of best estimates against experience;
- \ expression of an opinion on the overall underwriting policy and on the adequacy of retrocession arrangements; and
- \ contribution to the effective implementation of the risk management system.

(Refer to Section B.1.4.2 for further information on the roles and responsibilities of the Actuarial Function).

Management shall report to the Board on the performance of the Actuarial Function as often as deemed necessary and at least annually. In addition, the Head of Actuarial Function provides the Board with an annual report outlining the tasks that have been undertaken by the Actuarial Function, their results and any recommendations or suggestions for improvement.

B.7 Outsourcing

B.7.1 Outsourcing policy

The Undertaking maintains an Outsourcing policy which is reviewed and approved annually by the Board.

The purpose of the Outsourcing policy is to establish a prudent risk management framework in relation to the management of outsourcing arrangements and ensure compliance with the relevant regulatory requirements. The Board's objective is to ensure that outsourcing arrangements entered into by the Undertaking are subject to appropriate due diligence, approval, written agreements and on-going monitoring and that the risks associated with entering outsourcing arrangements are effectively managed.

The Outsourcing policy applies to all critical or important outsourcing agreements and covers the requirements for both external outsourcing and intra-group outsourcing. The Undertaking retains full responsibility for all outsourced activities which are included in the internal control system.

The policy addresses risks associated with outsourcing by:

- \ Ensuring that outsourcing risks are appropriately managed and that the Undertaking has procedures to identify, measure, monitor, manage and report these risks in a timely manner as part of the Undertaking's overall risk management system;
- \ Ensuring that there is no reduction in the responsibility and oversight of the Board and, by extension, management's responsibility for, or influence over, key functions of the Undertaking as a result of outsourcing;
- \ Defining an outsourcing strategy aimed at helping the Undertaking to achieve its strategic objectives, taking into account the associated outsourcing risks as well as the measures to manage these on an ongoing basis;
- \ Ensuring a materiality assessment to assess whether the activities to be outsourced are regarded as important or critical;
- \ Ensuring notification to the Central Bank of Ireland, in a timely manner, prior to the outsourcing of critical or important functions or activities including any subsequent material developments with respect to those functions or activities;
- \ Ensuring that all outsourced service providers of critical or important functions or activities of the Undertaking meet stipulated acceptance criteria prior to appointment and that these criteria are satisfied at all times during the tenure of the appointment;
- \ Maintaining and updating the Undertaking's outsourcing register which includes records of all outsourced activities; and

- \ Ensuring that the performance of critical or important outsourced service providers are subject to on-going monitoring and annual review.

In line with Central Bank of Ireland guidelines and regulations, the Board has appointed a designated pre approval controlled function holder with overall responsibility for the outsourcing of key functions. This designated pre approval controlled function holder reports to the Board on all outsourcing activities at least annually.

B.7.2 Outsourced activities

The following key functions within the Undertaking have been outsourced to third parties:

Key Functions	Third Party Administrator	Jurisdiction
Compliance Function	Allied Risk Management	Ireland
Internal Audit Function	Grant Thornton	Ireland
Actuarial Function	Barnett Waddingham	United Kingdom

B.8 Any other information

The Undertaking has assessed its corporate governance system and has concluded that it effectively provides for the sound and prudent management of the business, which is proportionate to the nature, scale and complexity of the operations of the Undertaking.

The Undertaking does not have any other material information regarding systems of governance for disclosure, other than as disclosed above.

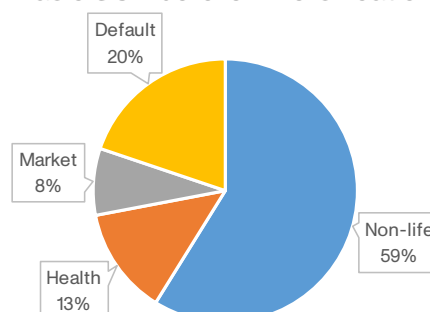
C Risk profile

Summary

The composition of the standard formula SCR as of 31 January 2024 is summarised below:

Sub-Modules	2023 (€m)
Non-Life Underwriting Risk	39.1
Health Underwriting Risk	8.8
Market Risk	5.5
Default Risk	13.2
Basic SCR before diversification	66.5
Diversification	(16.0)
Operational Risk	2.0
LACDT	0.0
Total SCR	52.5

Basic SCR before Diversification



The standard formula SCR risk profile composition is mainly underwriting risk (non-life and health). The underwriting risk is driven by the volume of business written and level of technical provisions held by the Undertaking. Default risk is the second largest driver, and this is influenced by the value of and the number of counterparties that cash is held with.

The acceptance of risk is the core business of the Undertaking as a captive reinsurance entity. In order to achieve the Undertaking's strategic objectives, the Undertaking has identified and defined all key material risks that the Undertaking is exposed to for the purpose of assessing, reviewing, mitigating and monitoring the Undertaking's exposure to each key material risk.

The risk profile provides valuable forward-looking information on the potential impact of materialisation of the Undertaking's key material risks and is an important component of the Undertaking's decision making process by providing the Board and management with a better understanding of the risks and opportunities.

To support the process of identifying, assessing, reviewing, monitoring and controlling these key material risks, the Undertaking has developed a Risk Management Strategy. The Risk Management Strategy outlines the framework with which the Undertaking identifies, assesses, reviews, monitors, controls and reports on a continuous basis all key material risks facing the Undertaking. The documentation of all key material risks in a risk register forms a central part of the Undertaking's monitoring and reporting activities, together with the documentation of the Undertaking's Risk Appetite statement, which sets out the levels of Risk Appetite and Risk Tolerance that the Undertaking is willing to accept for each key material risk in the pursuit of its strategic objectives.

The assessment of identified key material risks is performed by classifying each identified risk into categories, based on overall evaluation of the key material risk taking into account its potential impact, estimated likelihood of occurrence, and the level of preparedness and controls that the Undertaking has in place.

In order to perform the assessment, a rating scale of Low, Medium, High, and Strong is used depending on the materiality of the risk exposure in case of potential financial losses, or on the severity of the impact of non-financial losses. For both financial and non-financial impacts, only the potential downside effect is taken into consideration, thus ignoring the upside effect realisation that the risk may have.

As part of the RMF's responsibilities, the Undertaking operates a monthly review of each risk category. This review monitors the performance of risk deviations against the Undertaking's Risk Appetite statement, in addition to a review and re-evaluation of key material risks and effectiveness of any risk mitigations in place. Furthermore, as part of the Pre-Emptive Recovery Planning requirements, the RMF and management carry out a monthly review of the Recovery Indicators. This additional process further supports the monitoring of key material risks by the Undertaking. The Undertaking has documented a clear monitoring, escalation and notification process to provide early warning indicators, triggers or directional information to ensure appropriate action can be taken if deemed necessary.

Additionally, as part of the ORSA process (as described in section B), the Undertaking evaluates its capital adequacy to demonstrate that it has more than sufficient capital to meet its Solvency II standard formula SCR requirements through stress, shock and reverse stress scenario testing of each risk category.

Furthermore, depending on the performance or risk development, including any foreseen risks yet to develop, risk mitigation techniques are reviewed and assessed for continued appropriateness and effectiveness.

C.1 Underwriting risk

The Undertaking accepts non-life reinsurance business ceded by independent third party fronting insurance companies. The Undertaking is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts.

The Underwriting risk, which is the largest and most important strategic risk of the Undertaking, consists of:

- Non-Catastrophe (Non-Cat) premium risk,
- Catastrophe (Cat) premium risk, and
- Reserve risk.

The Undertaking has identified, reviewed and evaluated a number of underwriting and reserving, claim, and retrocession risks of which four are classified as key material risks – catastrophe, pandemic, climate change and cyber-crime attacks. These four key material risks are identified as the Undertaking's key concentration risks in respect of non-proportional reinsurance (Property, Health and Casualty) business accepted. The four key material risks relate to the acceptance of risks with exposure to catastrophe scenarios, natural catastrophe, hail, earthquakes, windstorm, tsunami, terrorism, change in climate, pandemic etc. The mitigation and controls in place to reduce the impact of a catastrophe risk are:

- the limiting of the Undertaking's retention by class of business;
- acceptance of business on the basis of a net line cession;
- the purchase of retrocession protection where deemed appropriate;
- review and regular monitoring of claim activities and claim development patterns; and
- acceptance of business which provides diversification in terms of geographical location of insured risks. This diversification benefit is further enhanced by the wide ranging portfolio of business retained by the Undertaking.

The Undertaking utilises various retrocession protections to mitigate its underwriting risk to within the defined Risk Appetite, to protect the solvency position of the Undertaking and to improve the efficiency of its use of capital. The Undertaking has the option of purchasing additional retrocession where deemed necessary to provide protection on an individual or portfolio basis. The Undertaking's Retrocession policy specifies the principles that govern the appropriate structures and counterparties for retrocession arrangements.

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The Undertaking monitors its management of underwriting risk through quarterly programme performance reviews, during which management, amongst other things, assess the frequency and severity of claims to identify any change in development patterns, as well as considering external factors such as legal or environmental changes.

Retention and retrocession strategies are reviewed annually to ensure existing program structures and strategies continue to be appropriate considering the strategic objectives of the Undertaking. The Risk Appetite statement defines the Undertaking's risk limits and the associated quality and quantity of retrocession that are appropriate for the Undertaking.

In performing stress and sensitivity analysis of underwriting risk under the ORSA and Pre-emptive Recovery Plan processes, the Undertaking has considered a number of different and wide ranging scenarios to understand the impact of a deviation or variance in risk. To sufficiently stress underwriting risk, the following stresses have been applied:

- \ Realisation of more severe loss ratios to account for an increase in severity and frequency of claims over the business planning period (one to three years);
- \ Incorrect pricing of existing or new business written; and
- \ Change in retentions of existing business.

Selecting these scenarios represents not only an increase in the frequency of claims but also includes an allowance for an increase in the severity of claims and incorporates the impact a major catastrophe, climate change, cyber or pandemic loss could have over the business planning period. The Undertaking considered shock test scenarios allowing for multiple catastrophe losses occurring simultaneously, in addition to the above stresses. The table below represents the Undertaking's stressed risk testing and sensitivity assessment of the impact of underwriting risk to the Undertaking's risk capital over the planning period:

ORSA Risk Assessment		
Short	Medium	Long
€27,123,887	€36,606,620	€45,719,286

The SCR capital requirement under the standard formula for underwriting is €59.8m before diversification.

C.2 Market risk

Market risk is the risk of adverse financial impact as a consequence of market movements such as currency exchange rates, interest rates and other price changes. Market risk arises due to fluctuations in both the value of assets held and the value of liabilities. The objective of the Undertaking in managing its market risk is to ensure risk is managed in line with the Undertaking's Risk Appetite.

For the purpose of stress testing the Undertaking's investment portfolio, management and the Board have applied a default factor to the existing investments driven by the credit rating of each investment. Through using the Standard and Poor's default factor, management has looked at quantifying the default probability against the credit exposure over a specified horizon. Additionally, management applied interest rate shocks against cash investment holdings, noting minimal impact to the Undertaking's risk capital.

Market risk is not material to the Undertaking as it is exposed to minimal market risk as the Undertaking holds liquid financial investments, which would not be significantly impacted by rating downgrades as the Undertaking can take immediate action to remedy any concerns regarding rating downgrades. The

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Undertaking manages its market risk exposures by implementing the Board approved Investment policy and monitoring defined Risk Appetites.

Risk concentration is not a material consideration in the Undertaking's SCR market risk assessment, due to the reasons disclosed above and the nature of the liquid assets held. The SCR capital requirement under the standard formula capital for market risk is €6.8m before diversification.

C.2.1 Foreign currency risk

The Undertaking has limited exposure to currency risk as the Undertaking's financial assets are primarily matched to the same currency (Euro) as its reinsurance contract liabilities. However, the Undertaking transacts business in certain other currencies – US Dollars (“**USD**”) and Japanese Yen (“**JPY**”) and is therefore required to hold technical provisions and other asset and liability balances in these currencies; hence exposures to exchange rate fluctuations can arise.

The Undertaking maintains a hedging strategy to minimise the risk of a loss occurring from an adverse movement in foreign exchange rates which impacts non-Euro assets and liabilities held by the Undertaking. The Undertaking has no precedent for any losses arising from any mismanagement of assets or liabilities, and no related material foreign currency risk given the hedging strategy implemented by the Undertaking.

C.2.2 Interest rate risk

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Undertaking is exposed to minimal interest rate risk as the Undertaking holds liquid financial investments on deposit with financial institutions. Management applied interest rate shocks against the cash investment holdings, noting minimal impact to the Undertaking's risk capital.

C.2.3 Prudent person principle

The Undertaking's primary objective in relation to market risk is to protect and preserve the Undertaking's assets. The majority of the assets on the Undertaking's balance sheet are held in cash. Solvency II regulations have introduced the 'Prudent Person Principle' in relation to the investment of assets. The Undertaking is required to apply this principle, and has ensured that its Investment policy is aligned with this principle. The Undertaking operates a monthly review process as part of its Risk Appetite review which monitors the performance, financial security and concentration risk of investments. This report is presented to the Board at each board meeting.

The Undertaking takes a prudent investment approach through taking mitigation steps against credit risk or the failure of a financial institution or individual security whilst ensuring appropriate liquidity to meet daily cash demands of the business.

C.3 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Undertaking. The key area of exposure to credit risk for the Undertaking is in relation to its cash and deposits, retrocession and reinsurance balances receivable. The Undertaking assesses its exposure to each counterparty based on its Risk Appetite and taking appropriate mitigation steps to reduce its credit risk. Counterparty credit risk is monitored monthly as part of the Risk Appetite and Pre-emptive Recovery Plan review process, and is reviewed quarterly by the Board.

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The Undertaking takes a prudent investment approach through taking mitigation steps against credit risk or the failure of a financial institution or individual security whilst ensuring appropriate liquidity to meet daily cash demands of the business. The Undertaking's assets have been invested in accordance with the 'Prudent Person Principle' and approved Investment policy. Consequently, the Undertaking has placed cash and cash equivalents that support claims reserves with external institutions with a Standard and Poor's rating greater than or equal to "A-".

The existing portfolio of assets consists of bank deposits offering daily liquidity. Therefore, from an own risk and solvency assessment basis, the Undertaking does not view this as a key risk that will materialise reflecting the nature of the assets held, the Undertaking's risk appetite to credit risk, and due to the fact the Undertaking has the ability to move cash on deposit on demand should it decide to change its investment strategy or have any concerns over continuing to meet its Risk Appetite or investment objectives, or breach any Risk Tolerances or Pre-emptive Recovery Trigger points. Retrocession is managed according to the Undertaking's Retrocession policy. Counterparty credit ratings are monitored on a regular basis as part of the Undertaking's monthly Risk Appetite review process.

The SCR capital requirement under the standard formula capital for counterparty default risk is €13.2m before diversification.

C.3.1 Risk concentration

The Undertaking is not exposed to any risk concentrations that arise from investments in individual counterparties and single name exposures. The Undertaking does not anticipate such risks developing over the planning period.

C.4 Liquidity risk

Liquidity risk is the risk that the Undertaking cannot meet its obligations associated with financial liabilities as they fall due. The Undertaking manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of assets and liabilities as part of the monthly Risk Appetite and Pre-emptive Recovery Plan review process. The Undertaking ensures that its liquidity requirements are supported by maintaining a high-quality, well balanced and liquid portfolio, and by matching the duration of its investments with that of its reinsurance liabilities. In practice, all of the Undertaking's assets are maintained in cash deposits and as a result the Undertaking believes that there is no liquidity risk to the entity.

All of the Undertaking's assets (disclosed in Section D) will mature within one year, due to the highly liquid nature of the assets.

The expected profit included in future premiums at the end of the reporting period is €105,290.

C.5 Operational risk

Operational risk refers to the risk of loss arising from inadequate or failed internal processes and systems, from personnel or from external events. The Undertaking has implemented an Operational Risk Management policy (and supported by an Operational Resilience Plan) to assist in managing operational risk, and has also put in place a process to manage operational risk events.

Operational risk is typically more difficult to identify and assess than other risk types. As some of the risks emanates internally, the Undertaking itself plays a part in the occurrence and unfolding of operational risks. Operational risk may materialise through personnel execution errors, frauds, and processing failures as well as through other external events either directly or indirectly. Cyber risk is any risk of

financial loss, disruption or damage to the reputation of an organisation from some kind of failure of its information technology systems. With the increase of dependence on electronic communications and volume electronic data storage, there is increasing risk of data theft, and malicious data and service disruption to the Undertaking. This is actively monitored by the RMF through the Undertaking's risk register. As a captive (re)insurance undertaking, Information Technology is not classified as a core element of the Undertaking's business operating model, however the Undertaking has robust controls, business continuity plans and security processes in place to manage and mitigate this risk.

There are no operational risks that have been deemed "material" in line with the Undertaking's risk evaluation methodology taking into account the probability, impact of the risk occurring and the mitigations in place to prevent or minimise the impact of such a risk.

The existing organisational and operational structure of the Undertaking reduces the exposure to many of the risks associated with operational risk. There are strong, robust internal controls in place and a clear segregation of duties which assist with mitigating against and managing this risk. The Undertaking's organisational and operational structure is subject to regular review by management and the Board to ensure its continued appropriateness. As part of this review process, recommendations are made to further enhance and improve the Undertaking's operational resilience, and this is supported through the implementation of the Undertaking's Operational Resilience Plan which documents the Undertaking's approach to Operational Resilience and identifying mitigations, triggers, and steps to be taken to restore services in the event of disruption. As part of the Undertaking's annual governance and control framework review, the Board approved Diversity and Inclusion policy, recognising that, from an operational risk perspective, diversity improves decision-making and improves risk management within the Undertaking. The Undertaking recognises the importance and impact of Diversity and Inclusion on effective decision making.

The Undertaking considers the identity of various scenarios which would test the operational risk management of the Undertaking and in all cases a financial loss or the requirement to hold economic capital to accept the risk is deemed not material. The SCR capital requirement under the standard formula capital for operational risk is €1.97m.

C.6 Other material risks

The Undertaking considers that there are no other material risks to be noted at this time.

C.7 Any other information

The Undertaking does not have any other material information regarding its risk profile for disclosure, other than as disclosed above.

D Valuation for solvency purposes

The valuation of assets for Solvency II has been determined in accordance with Article 75 of the Solvency II Directive, and related guidance.

Unless expressly stated in the notes below, the Undertaking has valued its assets and liabilities at fair value. In order to establish the fair value of assets and liabilities, the following guiding principles have been applied:

- \ Assets are valued at the amounts for which they could be exchanged between knowledgeable willing parties in an arm's length transaction.
- \ Liabilities are valued at the amounts for which they could be transferred or settled between knowledgeable willing parties in an arm's length transaction, excluding own credit risk.

The determination of fair value of financial assets and liabilities, which comprise substantially all of the assets and liabilities of the Undertaking, is set out in Sections D.1.2 to D.3.

D.1 Assets

D.1.1 Asset valuation

The following table discloses the assets of the Undertaking as reported under Solvency II and Local GAAP valuation principles at end of the reporting period:

	Local GAAP	Reporting differences	Solvency II value
Assets	€000's	€000's	€000's
Deferred acquisition costs	206	(206)	-
Deposits to cedants	1,522	-	1,522
Insurance and intermediaries' receivables	2,140	(1,287)	853
Receivables (trade, not insurance)	835	(682)	153
Cash and cash equivalents	194,922	682	195,604
Total assets	199,625	(1,493)	198,132

D.1.2 Bases of asset valuation

For each material class of asset, the following are the bases, methods and main assumptions used in the valuation for Solvency II, together with an explanation of the material differences to those reported under Local GAAP.

D.1.2.1 Deferred acquisition costs

Under Solvency II, deferred acquisition costs ("**DAC**") are included in the best estimate of the technical provisions and are not recognised separately as an asset. Under Local GAAP acquisition costs, which represent commission and other related expenses, are deferred subject to recoverability and amortised over the period in which the related premiums are earned.

D.1.2.2 Deposits to cedants

Deposit to cedants represents agreed funds withheld by ceding insurers. The Undertaking believes that the fair value is represented by the amounts realisable, on account of their short term nature.

D.1.2.3 Insurance and intermediaries' receivable

Insurance and intermediaries' receivable are stated at realisable value, and relates to the amounts due from ceding insurers linked to inwards reinsurance business.

These amounts are stated at fair value under Solvency II and Local GAAP. Given these assets are short term in nature, the Undertaking has determined that their realisable value reasonably approximates fair value.

Under Solvency II the receivable amounts that are not past due, are reclassified and included in the cash in-flows of best estimate of liabilities. Further information on the best estimate of liabilities, its valuation methodology, basis and assumptions used can be found in section D.2.

D.1.2.4 Cash and cash equivalents

Cash and cash equivalents are carried at fair value on the Solvency II and Local GAAP balance sheets. Fair value is based upon their nominal value, and any accruing interest under Solvency II, due to the short-term and highly liquid nature of the assets.

D.1.2.5 Receivables (trade, not insurance)

Under Solvency II and Local GAAP, trade and other receivables are stated at fair value. Given these assets are relatively short term in nature (less than one year), the Undertaking has determined that their carrying value reasonably approximates fair value.

Accrued interest is reclassified from receivables to cash and cash equivalents to conform to Solvency II valuation principles.

D.2 Technical provisions

The valuation of liabilities for Solvency II has been determined in accordance with Articles 75 to 86 of the Solvency II Directive and related guidance.

The following table discloses the liabilities of the Undertaking as reported under Solvency II and Local GAAP valuation principles at the end of the reporting period.

	Local GAAP	Reporting differences	Solvency II value
Liabilities	€000's	€000's	€000's
Technical Provisions	70,049	332	70,381
Net Unearned Premium	1,495	(1,495)	-
Insurance & intermediaries payables	260	-	260
Payables (trade, not insurance)	822	-	822
Total liabilities	72,626	(1,163)	71,463

D.2.1 Segmentation

Under Solvency II, undertakings should properly segment the business into the lines of business specified in the EIOPA guidelines. The primary segmentation should distinguish between Life and Non-Life insurance obligations.

The non-life insurance obligations are segmented into 12 lines of business. In respect of the Undertaking, the following are the material lines of business identified by premium written:

- \ Non – proportional property reinsurance
- \ Non – proportional marine, aviation and transport reinsurance
- \ Non – proportional casualty reinsurance
- \ Non-proportional health
- \ Income Protection
- \ Miscellaneous financial loss

D.2.2 Technical provisions by material line of business

The following table shows the Undertaking's Non-Life technical provisions, net of reinsurance, by material lines of business:

	Net Best Estimate Liabilities	Risk Margin	Net Technical Provisions
Material Line of Business	€000's	€000's	€000's
Non – proportional casualty reinsurance	22,608	1,549	24,157
Non – proportional property reinsurance	16,636	1,140	17,776
Non – proportional marine, aviation and transport reinsurance	6,303	432	6,735
Miscellaneous financial loss	6,088	417	6,505
Income Protection	4,408	374	4,782
Non – proportional health reinsurance	4,363	370	4,733
Other lines of business	5,309	384	5,693
Total	65,715	4,666	70,381

The technical provisions correspond to the current amount that the Undertaking would have to pay if it was to transfer its reinsurance obligations immediately to another reinsurance undertaking. It equals the sum of the best estimate liabilities and the risk margin, which are calculated separately. S17.01.02, within Appendix A of this SFCR, provides a full breakdown of gross and net technical provisions by line of business.

D.2.3 Technical provision bases, methods and main assumptions

The Undertaking has calculated the technical provisions in accordance with Articles 76 to 86 of the Solvency II Directive. The Solvency II Directive states that the value of technical provisions shall correspond to the current amount the Undertaking would have to pay if it were to transfer the insurance and reinsurance obligations immediately to another insurance or reinsurance undertaking.

The value of the technical provisions is equal to the sum of the best estimate liability and the risk margin allowing for the time value of money considering the estimated timing of cash flows of the best estimate liability by using benchmark settlement patterns. The assumptions and methodologies used in the calculation of technical provisions are appropriate to the nature, scale and complexity of the Undertaking, being a captive reinsurance undertaking, and the risks associated with its reinsurance liabilities. The Actuarial Function ensures that technical provisions are determined appropriately, using data, assumptions, and methods proportionate to the risk profile of the legal entity, taking into account the nature, scale and complexity of the risks accepted by the Undertaking.

In the twelve months since the publication of the prior year SFCR, there have been no material changes to the assumptions made in the calculation of the technical provisions.

Articles 296 (2) (d-g) of Delegated Regulations do not apply to the Undertaking as the Undertaking does not apply matching adjustments, volatility adjustments, transitional risk-free interest rate term structure or transitional deductions as per the Solvency II Directive.

D2.3.1 Best estimate liability

The best estimate liability is calculated gross of retrocession and comprises of:

- \ best estimate claims provisions;
- \ best estimate premium provisions;
- \ expenses; and
- \ events not in data ("**ENID**").

The best estimate claims provision is based on the best estimate reserves from the Undertaking's Actuarial Function reserve review as at 31 January 2024. On a prudent basis, the Undertaking has not included bound but not incepted contracts at the valuation date within the best estimate calculation. The claims provisions relate to claim events that have already occurred, regardless of whether the claims arising from these events have been reported or not. The Actuarial Function uses the following standard actuarial techniques to calculate the best estimate claims provision:

- Chain Ladder Method;
- Bornhuetter Ferguson Method;
- Benchmarking Method.

The best estimate claims provision is based on the results from all or some of the methods referenced above including allowance for other judgemental factors such as inflation as well as a consideration of the time lag in claims being reported.

For all lines of business, the best estimate claims provision corresponds to the probability weighted average of future cash-flows taking account of the time value of money. The cash-flows are discounted using the relevant risk free interest rates term structures, as issued by EIOPA as at 31 January 2024.

The Undertaking estimated the timing of cash flows of the best estimate reserves by using past and assumed future settlement patterns and using benchmark settlement patterns as provided by the Actuarial Function. The best estimate claims provisions consider the full range of future events and includes low probability and extreme events.

The premium provision is determined on a prospective basis taking into account the expected cash-in and cash-out flows and time value of money. Future premiums relating to unexpired risks that have yet to be received are inward cash flows that act to reduce the premium provisions. In addition, expected

profits from unexpired risks (calculated on a combined loss ratio basis) are recognised and reduce the Undertaking's premium provision.

The Undertaking is required to ensure that best estimate technical provisions include an expense provision which relates to recognised reinsurance obligations of the Undertaking per Article 78 of the Solvency II Directive. The Undertaking has adopted an approach of identifying all expenses that would be incurred in servicing existing policies during their lifetime, including a share of the relevant overhead expenses which is calculated on the basis that the Undertaking continues writing business. In calculating the required uplift, management has considered a run-off period of up to 2 years on the basis that the Undertaking will sell its reinsurance obligations and close within a 2 year period of deciding to cease writing business and entering into run off.

ENID refers to the additional amount or loading added to the claims and premium provisions which is intended to cover the difference between a best estimate of all possible outcomes and best estimate that the Undertaking has on accounting or other basis i.e. including those events that may not have been historically realised before or not presented in a set of observable historical loss data. There are multiple possible events that could fall within the definition of an ENID provision ranging from catastrophe events including climate change, cyber or pandemic events, contract wording/issues legislative/political changes etc. which can impact the Undertaking's reserves or premium provisions for unexpired risks.

The Undertaking uses a methodology that considers the Undertaking's risk profile, business written, historical losses and SCR results. When considering an appropriate ENID provision, the methodology employed requires management to review the frequency of large loss events over the lifetime of the Undertaking, in addition to considering the diversification derived from the mix of business written and geographical locations reinsured. The ENID provision is the amount which the Board deems reasonable, based upon the range of scenarios developed as part of the management review.

D2.3.2 Risk Margin

The risk margin is calculated by line of business and is then added to the best estimate liability in order to obtain the technical provisions by line of business. The risk margin is calculated by:

- \ Aggregating the projected non-hedgeable SCR components using the EIOPA prescribed correlation matrices;
- \ Taking a charge of 6% per annum on the run-off of the SCR; and
- \ Discounting those amounts at the risk-free rates.

The risk margin represents the cost of capital necessary to support the reinsurance obligations over their future lifetime. The cost of capital is the expected cost of transferring the non-hedgeable financial, reinsurance and operational risks to another insurer, reinsurer or other market participants.

D.2.3.3 Level of uncertainty associated with the value of the technical provisions

There is a limitation upon the accuracy of the estimates in that there is an inherent uncertainty in any estimate of technical provisions. In the calculation of technical provisions, it is necessary to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from data sources. The estimates and associated assumptions are based on historical experience and other factors, such as inflation, that are considered relevant. The claims provisions attempt to take into account the full range of possible loss outcomes on a probability-weighted basis, including an allowance for low frequency, high severity scenarios. Actual results may differ from these estimates on account of inherent uncertainty regarding the calculation of technical provisions.

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In addition, the premium provision is subject to additional uncertainty over and above that contained within the claims provision in that it contains cost estimates for events that have not yet occurred.

Due to the nature of its business, the Undertaking, as supported by the Actuarial Function, has not anticipated any extraordinary changes to the legal, social or economic environment (or to the interpretation of policy language) that might affect the cost, frequency, or future reporting of claims.

D.2.4 Differences between Solvency II valuation and Local GAAP

The table and the associated explanations below summarise the key differences between technical provisions under Solvency II and those presented in the Undertaking's financial statements:

	Local GAAP	Solvency II
Line of business	€000's	€000's
Non - proportional casualty reinsurance:	23,900	24,157
Non - proportional property reinsurance:	17,455	17,776
Credit and surety:	3,789	4,333
Miscellaneous financial loss:	6,844	6,505
Non - proportional marine, aviation and transport reinsurance:	6,576	6,735
Non - proportional health reinsurance:	4,646	4,733
Income protection:	4,392	4,782
Other lines of business:	2,447	1,360
Total technical provisions	70,049	70,381

Solvency II and Local GAAP have different rules for classifying and grouping reinsurance contracts, and these rules affect the valuation of the liabilities.

Solvency II capitalises all future profits, subject to contract boundaries, whereas Local GAAP generally does not. Section D.2.3 discusses the Solvency II method for calculation of technical provisions in more detail.

Local GAAP applies loss ratios to premiums to calculate the gross ultimate claims incurred position used to derive the technical provision, with the resulting reserves compared to results from actuarial projections as provided by the Actuarial Function.

Solvency II determines a risk margin based on the concept of the cost of capital, whereas this concept does not generally apply to Local GAAP. Solvency II applies a discount to the time value of money which is not applied under Local GAAP.

D.3 Other liabilities

Please refer to Section D.2 for the table disclosing the other liabilities of the Undertaking as reported under Solvency II and Local GAAP at the end of the reporting period. For each material class of other liability, the following are the bases, methods and main assumptions used in the valuation for Solvency II, together with an explanation of the material differences to those reported under Local GAAP.

D.3.1 Insurance & intermediaries payable

Insurance and intermediary payables comprise of amounts payable from reinsurance accepted.

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Under Local GAAP insurance and intermediary payables are stated at cost. Insurance and intermediary payables are stated at fair value on the Solvency II balance sheet. Due to the short term nature of the obligation and no consideration of own credit risk in the valuation, the carrying value under Local GAAP is not considered materially different to the fair value under Solvency II.

D.3.2 Payables (trade, not insurance)

Other payables comprise of all non-insurance related debts, unsettled transactions or other monetary obligations owed by the Undertaking to its creditors. Under Local GAAP other payables comprise short-term payables which are recorded at cost and are an approximation of the fair value of these liabilities.

Other payables are stated at fair value on the Solvency II balance sheet. Due to the short term nature of the obligation and no consideration of own credit risk in the valuation, the carrying value under Local GAAP is not considered materially different to their fair value under Solvency II.

D.4 Any other information

The Undertaking does not employ any alternative valuation techniques to its assets or liabilities, and does not have any other material information to disclose regarding the valuation for solvency purposes, other than what has been disclosed above.

E Capital management

The Undertaking continuously monitors and manages the quality and loss absorbing capacity of its own funds. On at least an annual basis, management prepares a medium-term capital management plan outlining the amount of available funds and their quality to the Board.

The main objectives of the undertaking's capital management are:

- \ to ensure that any risk that the Undertaking is prepared to accept in pursuit of the Undertaking's strategic objectives is managed in line with its Risk Appetite, Risk Tolerances levels and Recovery Indicators; and
- \ to deliver on its business strategy within the constraints of its Risk Appetite.

The strategy is formalised through a Capital Management policy. The Capital Management policy, which is reviewed annually, is approved by the Board and day-to-day monitoring and management of this policy is delegated to the RMF.

Capital management focuses on the following aspects:

- \ Determining an adequate level of capital to protect against losses and provide finance for a pre-determined level of strategic growth;
- \ Ensuring that any risk that the Undertaking is prepared to accept is managed in line with the Undertaking's Risk Appetite, Risk Tolerances and Recovery Indicators;
- \ Ensuring that there is sufficient coverage of both regulatory capital requirements (MCR and SCR) as well as economic capital targets set; and
- \ Optimisation of the quality of available Own Funds, in respect of the capital position of the Undertaking.

The Undertaking's capital needs and stresses are considered over a three year planning horizon on a rolling basis. The capital position of the Undertaking is monitored on a monthly basis by management as part of the Undertaking's RMF. Furthermore, the capital position of the Undertaking is reviewed as part of the RMF's quarterly SCR calculations and the RMF reports on the quality and availability of own funds as part of its quarterly SCR memorandum which is circulated to the Board.

There were no material changes over the reporting period with regards to objectives, policies and processes employed by the Undertaking for managing its own funds.

E.1 Own funds

The following table details the structure, amount and quality of Undertaking's basic own funds:

31 Jan 2024	Total €000's	Tier 1 €000's	Tier 2 €000's	Tier 3 €000's
Ordinary Share Capital	20,000	20,000	-	-
Reconciliation Reserve	106,668	106,668	-	-
Available and eligible Own Funds	126,668	126,668	-	-

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31 Jan 2023	Total €000's	Tier 1 €000's	Tier 2 €000's	Tier 3 €000's
Ordinary Share Capital	20,000	20,000	-	-
Reconciliation Reserve	115,583	115,583	-	-
Available and eligible Own Funds	135,583	135,583	-	-

The items reported in own funds are split into three categories depending on different factors such as quality, liquidity and timeline to availability when liabilities arise.

Tier one own funds can include ordinary share capital, non-cumulative preference shares and relevant subordinated liabilities. Tier two own funds can include cumulative preference shares, and subordinated liabilities with a shorter duration. Tier three own funds can include own funds which do not satisfy Tier one or Tier two requirements.

All of the Undertaking's own funds are categorised as Tier one for Solvency II purposes. The ordinary share capital does not have any special terms or conditions attached to it, and is fully available to absorb losses. Information on the composition of the reconciliation reserve is disclosed later within this Section. All of the Undertaking's own funds are available to fully absorb losses on a going-concern basis and are eligible to cover the SCR and MCR, with no restrictions or deductions required.

The reconciliation reserve has decreased this year reflecting a decrease in underwriting profit for the year, offset in part by the increased investment income, the decrease in the variance between the Solvency II Technical Provisions and Local GAAP valuation and the payment of a higher dividend of €20m compared to €10m in 2022. Refer to Section E.1.2 for further details on the reconciliation reserve.

E.1.2 – Reconciliation reserve

The following are the key elements that comprise the Undertaking's reconciliation reserve:

Reserve item (€000')	31 Jan 2024	31 Jan 2023	Commentary
DAC	(206)	(95)	Elimination of DAC for Solvency
Technical provisions	(125)	(120)	Net adjustment for Solvency II
Retained earnings	106,999	115,798	
Reconciliation reserve - Total	106,668	115,583	

E.1.3 Solvency II excess assets over liabilities and financial statement equity reconciliation

Reserve item (€000')	31 Jan 2024	31 Jan 2023	Commentary
Excess assets over liabilities	126,668	135,583	
DAC	206	95	Elimination of DAC for Solvency
Technical provisions	125	120	Net adjustment for Solvency II
Financial statement equity	126,999	135,798	

E.1.4 Deferred tax asset

The Undertaking has no deferred tax asset to disclose on the reporting date.

E.2 – Solvency capital requirement & minimum capital requirement

For the purpose of this section, the Undertaking has adopted the “Standard Formula” approach. This method uses stresses for each of the individual risks as calibrated and provided by EIOPA. The Undertaking’s SCR and MCR requirements are:

	31 Jan 2024 €000's	31 Jan 2023 €000's
SCR	52,492	48,347
MCR	17,864	14,301

The increase in the Undertaking’s SCR relates to an increase in Non-Life and Health CAT capital charges on account of the Undertaking retaining more risk in the year across various lines of business and the increase in closing technical provisions reflecting the heavier than expected reporting of claims against non-proportional reinsurance (Property, Marine, Aviation and Transport) and Income Protection, increase in Non-Euro technical provisions and resulting higher currency risk capital charge, and increase in counterparty default charge on account of the Undertaking having a higher closing cash at bank balance at the end of the reporting period.

The following table provides the calculated SCR components by risk module:

	31 Jan 2024 €000's	31 Jan 2023 €000's
SCR Market risk	5,449	3,524
SCR Health risk	8,758	7,892
SCR Counterparty default risk	13,179	12,550
SCR Non-Life underwriting risk	39,144	36,780
Diversification benefit	(16,009)	(13,875)
Basic SCR	50,521	46,871
Operational risk SCR	1,971	1,476
Adjustment for the loss absorbing capacity of deferred taxation	-	-
SCR	52,492	48,347

The Undertaking is not using any simplifications, or undertaking-specific parameters pursuant to Article 104(7) of the Solvency II Directive 2009/138/EC, in the calculation of the SCR.

The Undertaking’s MCR is calculated by using a straight line formula which incorporates net technical provisions and net premiums written over 12 months. The prescribed MCR calculation applies both an upper and lower bound. The upper bound is equal to 45% of the corresponding SCR, while the lower bound is set at 25% of the SCR. The following table shows the information on the inputs used to calculate the MCR:

	31 Jan 2024 €000's	31 Jan 2023 €000's
Net technical	11,836	8,868
Net written premium	6,026	5,433
MCR	17,862	14,398

The risk factors used against the net technical provisions and the net written premium are as prescribed by Annex XIX of the Delegated Regulations (EU).

E.3 Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement

The Undertaking has had own funds in excess of both the SCR and MCR requirements over the reporting period.

E.4 Any other information

The Undertaking does not have any other material information to disclose regarding capital management, other than what has been disclosed above.

Appendix A – Quantitative Reporting Templates

(all figures in €000's)

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S.02.01.02

Balance sheet

Assets

Deposits to cedants

Insurance and intermediaries receivables

Receivables (trade, not insurance)

Cash and cash equivalents

Total assets

	Solvency II value
	C0010
R0350	1,522
R0360	853
R0380	153
R0410	195,604
R0500	198,132

Liabilities

Technical provisions – non-life

Technical provisions – non-life (excluding health)

Best Estimate

Risk margin

Technical provisions - health (similar to non-life)

Best Estimate

Risk margin

Insurance & intermediaries payables

Payables (trade, not insurance)

Total liabilities

Excess of assets over liabilities

	Solvency II value
	C0010
R0510	70,381
R0520	59,485
R0540	55,671
R0550	3,814
R0560	10,896
R0580	10,044
R0590	852
R0820	260
R0840	822
R0900	71,464
R1000	126,668

Annex I

S.04.05.21

Premiums, claims and expenses by country

Home country: Non-life insurance and reinsurance obligations

		Home Country	Top 5 countries: non-life				
			C0011	C0012	C0013	C0014	C0015
	R0010		LU	BM	CH	IT	JP
		C0010	C0020	C0021	C0022	C0023	C0024
Premiums written (gross)							
Gross Written Premium (proportional reinsurance)	R0021	836,128	2,334,107			3,350,351	2,066,154
Gross Written Premium (non-proportional reinsurance)	R0022	836,128	16,965,427	6,156,767	3,570,330		
Premiums earned (gross)							
Gross Earned Premium (proportional reinsurance)	R0031	836,128	2,333,972			3,186,200	1,889,556
Gross Earned Premium (non-proportional reinsurance)	R0032	836,128	16,964,796	6,156,341	3,570,062		
Claims incurred (gross)							
Claims incurred (proportional reinsurance)	R0041	920,481	1,662,500			2,748,581	853,612
Claims incurred (non-proportional reinsurance)	R0042	920,481	11,585,889	3,486,182	5,167,737		
Expenses incurred (gross)							
Gross Expenses Incurred (proportional reinsurance)	R0051	33,528	209,437			409,819	111,682
Gross Expenses Incurred (non-proportional reinsurance)	R0052	33,528	1,332,073	306,952	237,835		

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Annex I

S.05.01.02

Premiums, claims and expenses by line of business

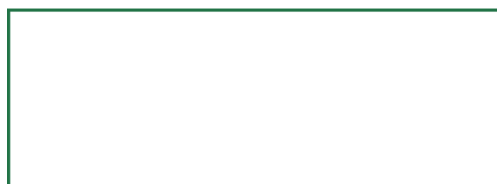
		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)						Line of business for: accepted non-proportional reinsurance				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	General liability insurance	Credit and suretyship insurance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0010	C0020	C0030	C0080	C0090	C0120	C0130	C0140	C0150	C0160	C0200
Premiums written												
Gross - Proportional reinsurance accepted	R0120	836	2,442	1,976	480	980	3,967					10,681
Gross - Non-proportional reinsurance accepted	R0130							1,712	9,176	3,570	14,029	28,487
Reinsurers' share	R0140		34	13							551	598
Net	R0200	836	2,408	1,962	480	980	3,967	1,712	9,176	3,570	13,478	38,570
Premiums earned												
Gross - Proportional reinsurance accepted	R0220	836	2,440	1,717	4	896	3,874					9,768
Gross - Non-proportional reinsurance accepted	R0230							1,712	9,175	3,570	14,190	28,646
Reinsurers' share	R0240		34	10							551	595
Net	R0300	836	2,406	1,707	4	896	3,874	1,712	9,175	3,570	13,638	37,819
Claims incurred												
Gross - Proportional reinsurance accepted	R0320	920	2,209	1,375	3	424	2,061					6,993
Gross - Non-proportional reinsurance accepted	R0330							1,682	5,313	5,168	9,902	22,065
Reinsurers' share	R0340											
Net	R0400	920	2,209	1,375	3	424	2,061	1,682	5,313	5,168	9,902	29,058
Expenses incurred	R0550	34	252	320	1	57	307	120	605	238	1,051	2,986
Balance - other technical expenses/income	R1200											
Total expenses	R1300											2,986

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Annex I

S.17.01.02

Non-life Technical Provisions



Technical provisions calculated as a sum of BE and

RM

Best estimate

Premium provisions

Gross

Net Best Estimate of Premium Provisions

Claims provisions

Gross

Total recoverable from reinsurance/SPV and Finite

Re after the adjustment for expected losses due to
counterparty default

Net Best Estimate of Claims Provisions

Total Best estimate - gross

Total Best estimate - net

Risk margin

Technical provisions - total

Technical provisions - total

Technical provisions minus recoverables from
reinsurance/SPV and Finite Re - total

	Direct business and accepted proportional reinsurance						Accepted non-proportional reinsurance				Total Non-Life obligation
	Medical expense insurance	Income protection insurance	Workers' compensation insurance	General liability insurance	Credit and suretyship insurance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
	C0020	C0030	C0040	C0090	C0100	C0130	C0140	C0150	C0160	C0170	C0180
R0060		-4	-309	-23						143	-193
R0150		-4	-309	-23						143	-193
R0160	163	4,412	1,420	4	4,055	6,088	4,363	22,608	6,303	16,493	65,908
R0240											
R0250	163	4,412	1,420	4	4,055	6,088	4,363	22,608	6,303	16,493	65,908
R0260	163	4,408	1,111	-19	4,055	6,088	4,363	22,608	6,303	16,636	65,715
R0270	163	4,408	1,111	-19	4,055	6,088	4,363	22,608	6,303	16,636	65,715
R0280	14	374	94	-1	278	417	370	1,549	432	1,140	4,666
R0320	177	4,782	1,205	-21	4,333	6,505	4,733	24,157	6,735	17,776	70,381
R0340	177	4,782	1,205	-21	4,333	6,505	4,733	24,157	6,735	17,776	70,381

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Annex I

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Non-life Insurance Claims Information

Total Non-Life Business

Accident year /	Z0020	Underwriting year [UWY]
Underwriting year		

Gross Claims Paid (non-cumulative)

(absolute amount)

Year	Development year											In Current	Sum of years
		1	2	3	4	5	6	7	8	9	10 & +	year	(cumulative)
	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
Prior	R0100										2	R0100	2
2015	R0160	1,464	3,011	767	386	303	333	-22	26	89	0	R0160	0
2016	R0170	2,207	5,699	1,753	754	228	231	65	200	19		R0170	19
2017	R0180	3,377	6,723	1,226	1,578	88	241	289	30			R0180	30
2018	R0190	10,189	5,445	3,805	989	162	344	184				R0190	184
2019	R0200	5,055	11,559	1,353	872	787	595					R0200	595
2020	R0210	3,334	7,313	1,313	408	329						R0210	329
2021	R0220	2,653	6,454	1,674	351							R0220	351
2022	R0230	2,595	4,258	555								R0230	555
2023	R0240	5,711	4,380									R0240	4,380
2024	R0250	4,612										R0250	4,612
Total												R0260	11,058

Gross undiscounted Best Estimate Claims Provisions

(absolute amount)

Year	Development year											Year end
		1	2	3	4	5	6	7	8	9	10 & +	(discounted data)
	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
Prior	R0100										2,301	R0100
2015	R0160			2,972	1,470	1,537	1,024	614	458	273	271	R0160
2016	R0170		9,412	4,225	2,491	1,101	858	871	472	389		R0170
2017	R0180	22,099	9,831	6,972	2,598	1,883	1,760	855	701			R0180
2018	R0190	27,087	13,252	4,463	2,482	2,263	1,519	1,225				R0190
2019	R0200	27,348	11,666	4,577	4,037	2,977	2,255					R0200
2020	R0210	20,502	10,983	5,633	4,105	3,361						R0210
2021	R0220	20,994	13,341	6,972	4,962							R0220
2022	R0230	19,247	10,435	7,283								R0230
2023	R0240	22,140	16,758									R0240
2024	R0250	31,668										R0250
Total												R0260

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S.23.01.01

Own funds

Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35

Ordinary share capital (gross of own shares)
Share premium account related to ordinary share capital
Surplus funds
Preference shares
Share premium account related to preference shares
Reconciliation reserve
An amount equal to the value of net deferred tax assets
Other own fund items approved by the supervisory authority as basic own funds not specified above

Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds

Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds

Deductions

Deductions for participations in financial and credit institutions

Total basic own funds after deductions

Ancillary own funds

Unpaid and uncalled ordinary share capital callable on demand
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand
Unpaid and uncalled preference shares callable on demand
A legally binding commitment to subscribe and pay for subordinated liabilities on Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC
Letters of credit and guarantees other than under Article 96(2) of the Directive
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC
Other ancillary own funds

	Total	Tier 1 - unrestricte	Tier 1 - restricte	Tier 2	Tier 3
	C0010	C0020	C0030	C0040	C0050
R0010	20,000	20,000			
R0030					
R0070					
R0090					
R0110					
R0130	106,668	106,668			
R0160					
R0180					
R0220					
R0230					
R0290	126,668	126,668			
R0300					
R0310					
R0320					
R0330					
R0340					
R0350					
R0360					
R0370					
R0390					

Total ancillary own funds

Available and eligible own funds

Total available own funds to meet the SCR
Total available own funds to meet the MCR
Total eligible own funds to meet the SCR
Total eligible own funds to meet the MCR

SCR

MCR

Ratio of Eligible own funds to SCR

Ratio of Eligible own funds to MCR

	Total	Tier 1 - unrestricte	Tier 1 - restricte	Tier 2	Tier 3
	C0010	C0020	C0030	C0040	C0050
R0400					
R0500	126,668	126,668			
R0510	126,668	126,668			
R0540	126,668	126,668			
R0550	126,668	126,668			
R0580	52,492				
R0600	17,864				
R0620	241.31%				
R0640	709.08%				

C0060

Reconciliation reserve

Excess of assets over liabilities
Own shares (held directly and indirectly)
Foreseeable dividends, distributions and charges
Other basic own fund items
Adjustment for restricted own fund items in respect of matching adjustment portfolios

Reconciliation reserve

Expected profits

Expected profits included in future premiums (EPIFP) - Life business
Expected profits included in future premiums (EPIFP) - Non-life business

Total Expected profits included in future premiums (EPIFP)

R0700	126,668
R0710	
R0720	
R0730	20,000
R0740	
R0760	106,668
R0770	
R0780	105
R0790	105

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Annex I

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

Market risk

Counterparty default risk

Life underwriting risk

Health underwriting risk

Non-life underwriting risk

Diversification

Intangible asset risk

Basic Solvency Capital Requirement

Calculation of Solvency Capital Requirement

Operational risk

Loss-absorbing capacity of technical provisions

Loss-absorbing capacity of deferred taxes

Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC

Solvency capital requirement excluding capital add-on

Capital add-on already set

of which, capital add-ons already set - Article 37 (1) Type a

of which, capital add-ons already set - Article 37 (1) Type b

of which, capital add-ons already set - Article 37 (1) Type c

of which, capital add-ons already set - Article 37 (1) Type d

Solvency capital requirement

Other information on SCR

Capital requirement for duration-based equity risk sub-module

Total amount of Notional Solvency Capital Requirement for remaining part

Total amount of Notional Solvency Capital Requirements for ring fenced funds

Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios

Diversification effects due to RFF nSCR aggregation for article 304

Approach to tax rate

Approach based on average tax rate

Calculation of loss absorbing capacity of deferred taxes

LAC DT

LAC DT justified by reversion of deferred tax liabilities

LAC DT justified by reference to probable future taxable economic profit

LAC DT justified by carry back, current year

LAC DT justified by carry back, future years

Maximum LAC DT

	Gross solvency capital requirement	USP	Simplifications
	C0110	C0090	C0120
R0010	5,449		
R0020	13,179		
R0030			
R0040	8,758		
R0050	39,144		
R0060	-16,009		
R0070			
R0100	50,521		

	C0100
R0130	1,971
R0140	
R0150	
R0160	
R0200	52,492
R0210	
R0211	
R0212	
R0213	
R0214	
R0220	52,492
R0400	
R0410	
R0420	
R0430	
R0440	

	Yes/No
	C0109
R0590	3 - Not applicable as LAC DT is not used (in this case R0600 to R0690 are not applicable)

	LAC DT
	C0130
R0640	
R0650	
R0660	
R0670	
R0680	
R0690	

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Annex I

S.28.01.01

Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Linear formula component for non-life insurance and reinsurance obligations

MCR _{NL} Result	MCR components	
		C0010
	R0010	17,864

	Background information		
	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months	
	C0020	C0030	
Medical expense insurance and proportional reinsurance	R0020	163	836
Income protection insurance and proportional reinsurance	R0030	4,408	2,404
Workers' compensation insurance and proportional reinsurance	R0040	1,111	2,043
General liability insurance and proportional reinsurance	R0090		480
Credit and suretyship insurance and proportional reinsurance	R0100	4,055	980
Miscellaneous financial loss insurance and proportional reinsurance	R0130	6,088	5,543
Non-proportional health reinsurance	R0140	4,363	1,857
Non-proportional casualty reinsurance	R0150	22,608	9,628
Non-proportional marine, aviation and transport reinsurance	R0160	6,303	4,119
Non-proportional property reinsurance	R0170	16,636	14,458

Overall MCR calculation

		C0070
Linear MCR	R0300	17,864
SCR	R0310	52,492
MCR cap	R0320	23,622
MCR floor	R0330	13,123
Combined MCR	R0340	17,864
Absolute floor of the MCR	R0350	1,300
Minimum Capital Requirement	R0400	17,864